ACCOUNTING POLICIES AND CORPORATE GOVERNANCE IN JORDAN

Aridah, Mamoun Walid[1]
Kamil Ghanim Ahmed[2]

Abstract

Financial crises and Globalization has increased need to ensure the validity of financial statements issued by companies, especially after the bankruptcy of many companies as a result of the adoption and changing of accounting and financial policies by company managers that distort the financial statements , that led to adopt corporate governance both developed and developing countries which is the way organized relationships between all stakeholders of business and to preparing financial statements in accordance International Financial Reporting Standards (IFRS) .

The purpose of this paper is to present the current legislative environment and institutional framework of corporate governance in Jordan and to develop knowledge about assess accounting and financial policies in the practice of corporate governance, accordance with the key principles of corporate governance by Organization for Economic Co-operation and Development (OECD), and how accounting policies effect on corporate governance.

Corporate governance is the way that Company is managed by management through the approved accounting and financial policies which help companies enhance their ability to achieve the objectives and increase efficiency and effectiveness with the best use of available resources, which means that company who have good governance will have more disclosure and transparency.

In general, Jordan has some features of the best corporate governance practices, but he still needs more progress in the independence of directors, shareholder rights and entitlement, and needs more independent for internal and external auditing.

The problems of Jordanian business environment which impact on corporate governance are:

1-There is a need to raise awareness and education about corporate governance, its importance and the mechanisms for its implementation.

2-Adequate disclosure and transparency instructions are required only from companies listed on the Amman Stock Exchange;

3-Some managers use creative accounting by changing certain accounting policies to affect the company's financial results; and

4-Some companies still owned and managed families, and some limited liability companies are not listed on the Amman Stock Exchange.

Keywords: Corporate Culture, Accounting, Auditing

Jel: M14, M41, M42.

Introduction

After globalization and global financial crises, the bankruptcy of many companies and spectacular collapse of the global financial markets, many countries, scientists and researchers were forced to look for causes of these financial crises, because the investment was in the open market around the world and financial investments will be not between countries just but also across continents.

These financial crises led to the bankruptcy for many companies in both developed and developing countries, where scientists and researchers concluded that the main reason is lack of governance in these companies, which helped managers to modify and distort the financial statements as a result of adoption and change of some accounting policies to reflect the financial statements of companies this will significantly affect shareholders and stakeholders and make, wrong decisions that affect on future of their financial investments.

Corporate governance has become a national concern following developments in the corporate environment and administrative complexity of multinationals and globalization that have led to a need for standards, guidelines, and codes of governance, so Governments have

[1] PhD Student Accounting(ASE), Aqaba, Jordan, E-mail address: mamounaridah2004@yahoo.com

[2] PhD student management(ASE) ,Mosul,Iraq, E-mail address: aghanim295@gmail.com

developed different methods of regulating companies and protecting their assets so the company as a collective entity bears responsibilities and obligations towards key stakeholders, with shareholders considered only one group of stakeholders.

The adoption and preparation of financial statements by International Financial Reporting Standards (IFRS), will determine accounting and financial policies that managers use when they preparing financial statements.

Corporate governance in Jordan is mainly related to the legislative environment and institutional framework adopted by Jordan, so Jordan adopted governance based on the principles of governance approved by the Organization for Economic Cooperation and Development (OECD), which affected on accounting policies adopted by companies.

Corporate governance is the way that Companies are managed through approved accounting and financial policies which helped companies enhance their ability to achieve the objectives and increase efficiency and effectiveness with the best use of available resources, which means that company who has good governance will have more disclosure and transparency and reaching its goals.

Accounting data plays an important role in making decisions on capital investments by measuring management's ability to use accounting information when making investment decisions. The main three objectives of accounting information are:

1. information on annual cash flows;
2. Information about expected cash flows at the end of investment in assets;
3. Information on the operation of external cash flows (eg tax).

Enhancing the ability of these companies to achieve overall objectives of economic development by increasing efficiency and effectiveness in making the best use of available resources with fear of a low rate of return on expenditure compared to expenditure will lead to decisions that may affect continuity or survival of the company.

Accounting information plays a vital role in the preparation of financial statements. (Oyer et al. ,2017) found that the accounting information system has a clear impact on the level of governance. (Romney and Steinbart, 2016) noted that accounting information systems can support appropriate management data to make appropriate decisions and use a suitable alternative to the company's investments. Therefore, the financial report aims to provide users and stakeholders with the necessary information to help them in making decisions. Companies can be used and evaluated the decision by many parties and categories inside it.

Corporate Governance consists of three different elements: shareholders, Board of Directors and senior management team "(Brenes et al., 2009). Corporate governance is the way of managing, organized and regulated the relations between all stakeholders in the business.

Corporate governance is defined as rules and practices governing the relationship between managers, shareholders, and stakeholders of companies such as employees and creditors who contribute to the growth and financial stability by enhancing confidence and soundness of financial market and economic efficiency (OECD,2004).

The concept of corporate governance is the rules and standards that define the relationship between management of the company and stakeholders associated with the company: employees, suppliers, lenders, creditors, consumers, shareholders and bondholders (Kim 2006)

The report of the Cadbury Commission is known governance as "the system through which companies are directed and controlled" (Dunne & Morris 2008).

Generally, its the framework of rules, relationships, regulations and processes through which power is exercised and controlled, for promoting, achieving justice and transparency in public shareholding companies

OECD corporate governance principles include:

First: Protecting Shareholders' Rights:(Murphy and Tupyan ,2005) stated that the most important aspect of corporate governance is the protection of small shareholders, not just big and active, which leads to greater confidence of the organization (Klapper & Love 2004). These procedures include maintaining clear records of shareholders and applying secure methods of property registration; providing timely and regular information; ensuring shareholder rights to participate and vote in public shareholder meetings; and selecting board members (King & Wen 2011).

Second: Governance involves fair treatment of all shareholders, including a minority, so Since corporate governance increases the company's ability to protect shareholders' rights, all shareholders must have the same voting rights and should be able to obtain sufficient information about their voting rights before buying shares in the company.(OECD 2004).

Third: the relationship between company and stakeholders (OECD 2004): as governance regulates the relationship between company and stakeholders and following that rules of governance protect the interests of external parties and increase the value of the company.

Fourth: Disclosure and transparency of all issues related to the company (OECD 2004): Enhancing transparency is a key feature of corporate governance which includes accurate and complete disclosures of the company's financial and operating results, objectives, strategies, ownership structure and governance, and provides substantive information on directors and key employees.(Seal 2006).

Fifth: Responsibilities of Board of Directors (OECD 2004): The governance framework of company includes rules of directing the company, mechanism which the board supervises management, and monitoring of board of directors by shareholders of company and monitoring of key executives and development of a strategy to set goals (Hutchinson & Gul 2004) they are also responsible for reviewing plans and addressing gaps during implementation when this principle is actively applied so we recommended the functions of CEO should be separated of the Chairman.

Business environment and corporate governance principles

Board of Directors is responsible for achieving objectives of the community and includes the development of accounting policies, financial control systems, financial planning, auditing its financial statements annually and the presence of internal audit.

Board improves corporate governance through improved accounting policies, the Board has full responsibility for its approval and follow-up.

Good corporate governance practice ensures effective public disclosure of data, financial status, performance, partnership, events, requests, commitments and uncertainties arising from climate change that are likely to have a material impact on the financial condition or operating performance.

The primary responsibility of corporate governance lies on boards of directors and is influenced by the behavior of shareholders, external auditors, governments, securities regulators, stock exchanges, other self-regulatory organizations, and employees.

Corporate Governance in Jordan

In Jordan, adoption of International Financial Reporting Standards (IFRS) to support corporate governance, this assists in accessing international capital markets; ensuring a higher degree of transparency and comparability of financial data between companies

Corporate governance in Jordan can be categorized into six dimensions:

1- legislative framework and government oversight,

2- Institutional framework and capital market,

3- disclosure and accounting standards,

4- transparency in privatization,

5- effective oversight of the board of directors,

6-preservation of property rights and protection of minority rights (Al-Khoury 2003).

These dimensions are related to Companies Law of 1997 and Securities Law of 2002, so the Company Controller also plays an important role in the implementation of corporate governance under Companies Law (World Bank 2004).

1. Legislative framework and government oversight:

The legislative environment in Jordan is the basis for the development of good corporate governance procedures (Al-Bashir 2003). Through laws such as Corporate Law, Securities Law, Banking Law, Insurance Law, Commercial Law, Competition and Monopoly Law, Investment Promotion Law and Privatization Law (Al-Jazi 2007).

2.Institutional framework and capital market:

Mangina and Shamisa (2008) argued that building an institutional framework is the basis for corporate governance practice. In Jordan, governance is carried out through three bodies: Jordanian Securities Commission (JSC), Amman Stock Exchange (ASE) and Securities Depository Center (SDC).they are develop and monitor the stock market.

The Securities Law provides a way to enforce governance rules, it defines market regulations, issuance of shares or bonds and trade procedures; responsibility and obligations of securities issuers, brokers and auditors; listing requirements in the stock market; and protection measures for minority rights and disclosure and transparency requirements.

3. Disclosure and accounting standards:

Full disclosure and clear accounting standards are essential for strong corporate governance (Rajagopalan & Zhang 2008). Jordanian laws require companies to follow international financial accounting standards. In 1994, Jordan fully adopted International Accounting Standards, now called International Financial Reporting Standards (Word Bank 2004).

4.Transparency in privatization

The Jordanian government worked to increase participation of the private sector in the economy through privatization of some government companies and institutions (Shanikat 2007), which improved the level of services provided and raised the efficiency of privatized companies.

5.Effective supervision of the Board of Directors

The Board of Directors is responsible for advising, reviewing and evaluating management performance (Gillan 2006). In Jordan, the Board of Directors carries out duties defined by Company Law, such as setting policies and planning for the management of Company, appointing Chief Executive Officer, maintaining internal control systems for financial and administrative accountability and inviting shareholders of Company to Ordinary General Meeting.

6.Exercise control over comprehensive audit and Protection of minority rights

Review the external and internal audit reports, plans, procedures, reports, and review financial statements before submitting them to the Board of Directors to ensure the accuracy of accounting and regulatory procedures.

Shareholders who own at least 15% of the company can audit and seek compensation for any violations committed by the Company's Board, General Director and Auditors (World Bank 2004).

The Corporate Governance Code has been issued and includes definitions of key terms; an overview of the Board's structure and responsibilities; public shareholder meetings; shareholders' rights, guidelines for financial disclosures; and a conceptual framework for accountability and auditing.

Administrative performance is enhanced reflect on the performance of the national economy and enhance investment climate (Jordan Securities Commission 2005).

Following the establishment of the Amman Stock Exchange in 1999, the Jordanian government encouraged local companies to expand issue securities to the public, but there are a large number of family-owned companies where Companies Law protected their property rights.

The situation of the Jordan capital market

Amman Stock Exchange (ASE) is responsible for managing and develop the operations and activities of securities, commodities and derivatives markets within and outside Jordan. As an independent, non-profit organization, ASE has been mandated to act as a regulated securities market in Jordan to do these points :

First, the ASE's institutional structure strengthens the government's control over the financial independence of the ASE.

Second, families and government officials control, making it difficult to dictate rules of corporate governance required, preventing some listed companies from complying.

Third, lack of coordination, data sharing and functional overlap between regulators makes it difficult to monitor financial disclosures and corporate activities.

Jordanian Securities Commission (JSC) is responsible for compliance with the application of disclosures and disclosures but does not widely review the quality of financial statements due to functional overlap. In 2004, as part of the World Bank-IMF Joint Program, Standards and Rules Compliance Report (ROSC) assessed Jordan's corporate governance policy framework and accounting compliance practices. Calling for development of corporate governance rules, application of public financial disclosure, periodic review of financial reports and contents, and greater compliance with OECD principles.

The element of the Jordan capital market

1.Control levels of lower concentration of property:

Publicly owned companies play an important role in the Jordanian economy and can be seen as a means of raising capital from a large number of public savers and their use by companies.

The market capitalization of the Amman Stock Exchange increased to more than $ 14.2 billion, which led new investors to enter the market to take advantage of the wealth that can be obtained through a share of ownership.

2. Shareholders' equity

Shareholders' ownership is recognized by the Companies Law, These records are kept in company shareholder shall be free to dispose of stock, they will be entitled to review share register in specific cases,they have right to vote and ask questions to Board of Directors and obtain answers at the shareholders' meeting and seek compensation in case Board of Directors breaches its responsibilities.

3. Prohibit transactions from internal parties

Presidents of Board of Directors, any member of Board of Directors, Director General and employees are prohibited from trading based on internal information or disclosure, although insider trading is a criminal offense punishable and the law requires disclosures and approvals of transactions with related parties by an audit committee of the company.

4. role of stakeholders in corporate governance in Jordan

Jordanian laws protect stakeholders, so In bankruptcy, employees have priority over creditors and creditors can object to capital reduction, but the law does not allow stakeholder participation in decisions by representing employees on boards.

5. Financial Disclosure

Disclosure is necessary to protect investors from making poor decisions as a result of their lack of knowledge. Disclosure can help shareholders exercise their voting effectively and discuss management's expectations about the company's future liquidity, capital needs or operating results so Jordan generally focuses on full disclosure, Directors have a responsibility to disclose reports.

The JSC is the entity responsible for implementing disclosure requirements and ensuring the quality of financial statements and reports. The JSC intensively reviews the quality of the disclosures and extent to which companies comply with disclosure requirements.

6. Role of Auditors

Auditors play an important role in corporate governance by protecting their reputation and protecting investors who rely on audit reports and as the number of audit firms in Jordan increases.

The presence of the four major audit firms encouraged Jordan in 2002 to oblige any company by law to prepare and disclose financial and operating statements by recognized international accounting and auditing standards.

The financial records are disclosed under Companies Law and law requires companies to review financial results by an independent auditor to reduce conflicts of interest and audit fees are not linked with audit results because the auditor is responsible from shareholders and third parties, and auditor can be prosecuted for mere negligence but his responsibility shall be limited in proportion to his fault within three years starting from the date of general assembly meeting of the company.

Corporate Governance and Disclosure in Jordan

Disclosure plays a key role in addressing the asymmetry of information between managers and investors in an organization that means management provides information about past events and expectations regarding future growth opportunities for current and future investors, so this information included in financial report should be prepared well and have a high level of disclosure, inside and outside financial statements, whether financial or non-financial, because non-financial information outside financial reports may have a significant current and future impact for stakeholders,so When quality of disclosure is high that reduces uncertainty associated with all parties that have contracts with Company, and affects of liquidity plus attracts future shareholder investments so its mainly related with corporate governance.

Governance helps investors in making their investment decisions efficiently because they provide a part of their money to invest which move the economy

All institutions seek to demonstrate their financial position in a manner that reflects their economic stability. Therefore, management chooses a policy of accounting policies that may affect accounting disclosure of the company's profits and financial position, where disclosure is one of the main requirements of securities markets, provides high-quality information to investors, lenders, analysts, and researchers interested in the financial situation of the company.

Financial disclosure is a broad subject and consists of "all the accounting data and information needed to make profits for users, particularly in making the right decisions, since disclosure is a relative term. However, it has become important not to consider financial statements as a goal but as a means to help parties make different decisions. (Karami & Hajiazimi, 2013) provides important information to investors and other beneficiaries in a way that enables them to predict the project's success in making profits and covering its future obligations (Anagnostopoulos & Gkemitzis, 2013)).

In November 2005, a cooperation agreement was signed in Jordan between International Finance Corporation (IFC), which is a part of the World Bank, to rehabilitate the private sector in developing countries to improve corporate governance regulations. The agreement includes providing technical support for the development of corporate governance principles in Jordanian banks, thus enhancing national and international confidence.

Because of development of national economy at various levels, there is a need for rules and regulations for corporate governance in order to establish a clear framework governing relations and management, ie defining rules and regulations duties and responsibilities that help to achieve the strategic objectives of the company and safeguard the rights of parties with interests in that company.

An Instruction Manual for Governance of Listed Joint Stock Companies was made by Securities Commission based on the Securities Law and Regulations, Companies Law, and International Principles of Corporate Governance established by Organization for Economic Co-operation and Development (OECD) (Jordan Securities Commission, 2005).

Ali et al. (2007)The study looked at the quality of disclosure of financial data in family businesses compared to non-family companies and their relationship to corporate governance they found that family business profits were of higher quality than other firms, but family businesses generally faced less agency-related problems than other firms. This results in lower profit manipulation and therefore higher quality of those profits, However, family-run companies show less voluntary disclosures than corporate governance and have incentives to reduce transparency to facilitate the control of family members on the board without the involvement of other stakeholders either by disclosing financial performance and thus better disclosure than unmanaged family businesses.

Al-Qashi and Al-Khatib (2006) conducted an analytical study on the reasons behind the collapse of companies and the role of corporate governance in those collapses. The results of the study showed that collapse of these companies is mainly related to the low level of ethics of professionals and because of shortened role of stock exchange as a supervisory body for listed companies and that problem is not related to the laws of corporate governance in general, but ethics of people who apply these laws.

Corporate governance enhances the relationship between stakeholders, the Board of directors, executive management and the entities associated with the company.

good corporate governance reduces losses that may occur as a result of weak internal control systems due to increased risk and that the existence of these good systems includes independent monitoring that minimizes risks.

Some elements affect corporate governance performance of companies is Audit Committee, Size of Audit Committee, Number of Audit Committee meetings, Independence Audit Committee, Accounting experience in the Audit Committee, Muslim Directors in the Audit Committee.

Key elements of the corporate governance process (Basel, 1999):

1) Setting strategic objectives and a set of organizational values: Board of Directors should define strategic objectives or organizational values.

2) Identify and strengthen broad lines of responsibilities and accountability in the entity: through defining powers and responsibilities of the Board of Directors and Executive Management

3) members of the board of directors shall be qualified and understand their roles in corporate governance, majority of the board of directors shall be able to exercise their powers and qualified from outside entity and existence of a supervisory committee independent of the board of directors, that will enhance objectivity and independence.

4) Ensure that there is adequate control by executive management: that means boards oversee executive management, and executive management oversees other operational management.

5) Effectiveness of internal and external auditing and recognition of its supervisory role

6) Emphasize remuneration systems under ethics, objectives, and strategy so linking the remuneration system to the entity's strategy, which may encourage managers to achieve short-term goals to serve their interests without considering short and long-term risks.

7) Transparency is the foundation of corporate governance: because through transparency, boards of directors and executive management can be held accountable.

Detecting Creative Accounting in Jordan

Creative Accounting: its a process of changing accounting numbers from a real model to the desired model to achieve advantages for the company and its management by disclosing this information, by choosing between accounting policy alternatives or ignoring some of them,

Major companies in developed and developing countries have been affected by accounting scandals affecting the national and global economy. Creative accounting practices are a deliberate cessation of the real financial situation of the company and dealing with the management of financial disclosure to depict the required financial situation.

These manipulations and distortions arise from corporate governance that connects points between companies and stakeholders, as corruption resulting from corporate mismanagement can be linked to managerial misconduct, account manipulation, and financial reporting. Corruption may arise through financial and accounting reporting. Corporate governance is a guarantee of creative accountability because corporate governance is a system by which business is directed and controlled.

A recent study showed that corporate governance and ethical values predict creative accounting and reliable accounting reporting. Corporate governance may be a necessary condition for reducing creative accounting and improving financial reporting.

some financial managers may have to use accounting practices known as creative accounting to control business results and beautify financial position in a manner that serves the wishes of the company. Creative accounting is the use of best accounting principles, rules and policies to achieve complete reliability of financial information creatively.

The most important goal of reducing creative accounting is to improve appropriate standards and principles for access to reliable and high-quality financial information because some executive departments seek to portray their desired profits rather than their actual profits in pursuit of some ulterior motives (financial rewards, etc.). This may affect how people use these financial statements.

Accounting sciences are known to be one of the rapidly evolving sciences, accounting standards and experience of accountants evolve. This leads to the collapse of these companies as a result of the proliferation of creative accounting methods in various sectors and their impact on the presentation of misleading data in some cases. This affects the quality of the financial statements of these companies.

Most of the previous studies focused on the relationship between methods of applying creative accounting and the quality of financial statements in terms of importance, reliability, stability, and comparability.

Management of financially strapped companies applies innovative accounting techniques to improve the elements of their financial statements, management of some companies apply creative accounting methods during last year of operation before bankruptcy, manipulate published financial statements and fraud during period before financial crisis as crisis Economic affect on behavior of managers in application of creative accounting, which is due to changes in market rules

Over past 30 years, creative accounting processes have increased, but their application will affect reliability of financial statements, affecting cost of borrowing and share price, confidence of investors and regulators, and company's relationship with its customers and suppliers, causing many companies to collapse due to scandals and creative accounting, hiding their true financial situation, prompting researchers For study of creative accounting applied by corporate management.

financial statements provide information that stakeholders use to assess the performance of managers and make economic decisions. Therefore, some companies may make changes in financial statements before issued by using some creative methods to create balances that do not indicate real situation of these companies, which led to lack of transparency in financial statements and bankruptcy , by exploiting alternatives available in Certain laws and standards, or due to multiple accounting policies that allow Company freedom of measurement and disclosure in preparation of financial statements, which will affect processed data where its credibility is affected (Matar, 2016).

Financial statements play an important role in helping investors to make their future decisions. Since earnings per share are one of the indicators that investors are interested in because it shows the profitability of the company. Creative accounting has affected the prices of stocks, but the decline in the performance of the company will directly or indirectly affect share prices in stock exchange also has stability of the company's results to stability of shares. Some companies may use innovative accounting methods to achieve many objectives, such as increasing profits and attracting or reducing new investors to evade prices.

Managers of companies in financial distress and high risks of bankruptcy and to prolong the economic life of their companies in hope of achieving a better economic environment in future work on the presentation of financial statements using appropriate accounting techniques and techniques became financial statements misleading

There are reasons led to emergence of creative accounting such as the freedom to choose between accounting principles, freedom of accounting estimates, great competition between companies, attempt to evade taxes, maintain share price (Naffaa, 2015) and need to generate profits that do not actually exist, using accountants to their expertise and knowledge of accounting rules ,laws and flexibility in selection of accounting principles and standards where creative accounting played an important role in preparation of financial statements, either to maintain the share price or use of profit management techniques and income mitigation to make risks between numbers of financial statements (Hamada, 20 10).

The main reasons why managers and senior executives of companies that lead to the implementation of creative accounting methods and techniques to change financial statements and decorate their financial statements are:

1. Attempt to regain confidence on part of banks due to the company's late payment of loan obligations and hope of new financing to temporarily overcome liquidity problem.

2. To try to restore confidence in the relationship with customers and suppliers due to the weak financial situation of the company.

3. Prolong stay of executives or senior executives in the company and obtain benefits before final collapse and bankruptcy by increasing published profits or by increasing share price.

4. Resist stock collapse and maintain the company's stock price.

5. Create favorable conditions for other companies to acquire the business or defend acquisition attacks by other companies.

6. Hide mistakes made in management.

Company managers follow various manipulation practices through mechanisms and procedures that vary between countries by applicable legislation and investor protection laws.

Creative accounting is done by processing accounts of fixed assets, liabilities, sales, income and expenses, as well as by changing accounting methods and policies including:

1. Create virtual and virtual revenues.

2. Dealing with real activities, giving excessive sales discounts at the end of the year.

3.Change (increase) of inventory at the end of the year resulting in a lower cost of goods sold and an increase in gross profit.

4.Appropriate management of accounts receivable and breach of the principle of accrual.

5. Avoid deleting corrupt inventories or damaged and inoperable fixed assets.

6. Accounting estimates and policies that determine accounting numbers and form a hidden form of profit management

7. Capitalization of expenditure, recording of various operating expenses (i.e. expenditures of fixed assets purchased and their improvement) as costs, which are subject to amortization.

8. Transfer and reimbursement of expenses in the next management period.

9. Changes in accounting policies (depreciation method, depreciation rate, asset valuation method)

10. Change the conditional policy in securities held by the company and transfer them from the investment portfolio to the trading portfolio.

Managers follow methods of profit management, which correspond to incentives that exist every time, to hide their real financial situation, they using creative accounting techniques so auditors are subjected to pressure from management to make financial reports in their favor that causes differences between independent auditor and management over accounting policies and estimates and choices between different alternatives to measurement policies, such as fair value assessment ,External auditors face pressure from management to issue a positive opinion or adjust their opinions if they disagree with management, and "an auditor who is concerned about possible loss of client and is under pressure to accept client's position. This affects on his professionalism and his independent role as a shareholder agent, in securing the financial reporting system (Rahim, Johari, & Takril, 2015).

Jordan has adopted the application of accounting and auditing standards and corporate governance initiatives in the region and The study (Obeidat, 2007) showed that the external auditors in Jordan comply with the International Accounting Standards.

(Humeedat MM, 2018) examined the role of profit management to avoid financial distress and improve profitability in the Amman Stock Exchange for the period 2011 to 2016. The results showed that there is a positive relationship with debt to equity ratio and a positive relationship between dividend per share and return on Equity and profit management.

Also, study Al-Hedi et al. (2017) aims to study the extent to which Jordanian companies practice profit management, to find out the impact of profit management practices on accounting profit management, to see impact of company size, indebtedness, and return on assets on management of declared accounting profits in Jordanian industrial companies. The study found that management of the profits of Jordanian industrial companies decreased overall. Where they aim to cut profits.

For Mostafa (2017), the study aims to study the relationship between profit management and the importance of profit value and the study concluded that there is a positive impact of the company's use of management practices of accounting with low operational performance more than companies with high operational performance.

The Al-Khoury and Shakhtra study (2014) aims to ascertain whether Jordanian service companies are practicing income harmonization policy, and to identify the most important factors affecting income harmonization policy. Income levels were divided into net operating income, net income before tax, net income, and earnings per share. the study concluded that there was no relationship between the profitability factor of company and profit distribution factor with income homogeneity policy using all income levels. Using net income level.

Disagreements with a client with good financial status are related to application of accounting standards,so audit committees support auditors in disputes with management and reasons for this are: background of member as responsible for other listed companies, degree of objectivity of issue according to accounting standards, and when the financial position of company is weak.

the auditor needs more frequent meetings between auditor and Audit Committee, improve quality of audit and reduce risk, effective communication between audit committees and auditors reduces administrative pressure on auditors and reduces the use of personal relationships with auditor's results resulting from the length of the audit period.

Company Dividend Policy and investors in Jordan

Maximizing shareholder wealth is one of the key concerns of managers, which is the foremost economic objective to be achieved in the Organization through the appropriate allocation of adequate financial resources. Any increase in shareholders' value as the main objective through which the organization's economic target can be achieved. Stakeholders from companies and other interested parties may use disclosed financial reports to predict the performance of the company, which includes the company's ability to pay a higher return to shareholders (dividends).

financial information and dividend policy play a sound and effective way, attracting the interest of potential investors as well as existing investors to reinvest.

Compliance with financial reporting standards reveals the true financial position of companies that ultimately attracts investor interest and leads to increased profits.

dividend policy is described as guidance to management of the company by which managers determine the percentage of dividends that will be shared to shareholders concerned as a cash return on their investments as well as the portion that will be retained for future investment by the company (Khan and Ramirez, 1993)

Many researchers believe that there is a direct or indirect relationship between dividend policy and financial disclosure. As such, Zhai, J., & Wang, Y. (2016) argued that a low-disclosure company must pay a higher percentage of profits to create a good reputation in the treatment of shareholders. They concluded that the quality of disclosure had negative effects on the distribution of profits

Al-Kuwari (2009) claimed that both current and potential investors viewed dividend policy as a source of information that conveyed the company's future financial viability, and other studies have individually revealed a positive and significant relationship between dividend policy and the value of the company.

Conclusion

Corporate governance in Jordan is mainly related to the legislative environment and institutional framework adopted by Jordan, so Jordan adopted governance based on the principles of governance approved by the Organization for Economic Cooperation and Development (OECD), which affected on accounting policies adopted by companies.

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