CORPORATE GOVERNANCE ON THE QUALITY OF ACCOUNTING INFORMATION IN COMMERCIAL BANKS IN JORDAN

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Abstract - Interest in corporate governance has increased remarkably for many reasons. Perhaps one of the most important is the widespread administrative and financial corruption experienced by many banks, as well as the financial crises that have affected most economic aspects in various countries of the world, including Jordan, the consequences of which continue to continue today. There are also some doubts about the aim of many major international banks' resorting to mergers. All the considerations mentioned above have played a role in accounting. "Many studies and research have shown how banks' management has exploited certain accounting and financial innovations and practices to cover their deficits or to imply to stakeholders their stability and continuity. Those banks, in collusion with major audit firms, concealed and distorted information related to operational, financial, and investment performance, damaging investors, financial markets, and States' economies. Therefore, this study aims to illustrate the impact of governance on the quality of the accounting information contained in the financial reports. To achieve this, we will discuss the concept and objectives of governance as well as the principles on which it is based. Finally, we will indicate how it contributes to improving the quality of accounting information. This study has produced a series of findings, the most important of which being that the primary motivation for the application of corporate governance is to restore confidence in and control over accounting information through accountability and oversight, to seek to develop and apply accounting and auditing standards, and to activate the roles of external and internal auditors and audit committees to achieve disclosure, transparency, and quality

Keywords - Governance, Banks, Corporate

I. INTRODUCTION

Due to economic disasters and financial crises in many Central East and North African countries in the 1990s, corporate governance has become more popular in many established and emerging economies (Reinhart and Rogoff, 2008) Another example is the recent financial and accounting failures of many U.S. companies in 2009. One of the main reasons is the failure to fully disclose the information that many consumers of financial reports need in many corporate financial reports. Globalization and the internationalization of the financial market have a particular impact on stock market investors (Belgodi and Samiha, 2017) They have led many countries to consider ways to protect investors from serious board mistakes, as well as pay more attention to the role corporate governance plays in ensuring compliance with regulations and investing to boost economies. (Roe,2005) Create a board of directors, executives, investors, and stakeholders in a transparent manner by creating specific foundations. As a result, future financial collapses will be prevented (Saleh and Besta, 2017) That's why Idi's team of economists, analysts, and experts discussed the impact of corporate governance on establishing disclosure and transparency standards in financial statements so that these lists can be used as a primary source of information to make different decisions, whether operational or strategic in nature (Hammoud and Al-Qararawi, 2019). This tool helps ensure effective management, better use of resources, and achieving goals through the use of governance for banks Hamza Hussein alAbbas and Mustafa Najm al-Bashir. 2012)) Investors, boards, bank executives, shareholders, and others are encouraged to work together to improve the quality and reliability of accounting information in financial statements (Gebba, 2015). For commercial banks, the long-term goal is to maximize the volume of investment. Improving the performance of commercial banks and rationalizing their decision-making are two ways to achieve this goal.

Banks must create incentives and processes that meet their needs and those of other businesses. Achieving corporate governance has become a vital element, as well as improving the content of information in financial statements and providing important decision-making information

1.1Background

Corporate governance

Corporate governance can be defined as "a set of relationships between the Department of Economic Unity and its Board of Directors, shareholders and other parties related to economic unity, as well as the mechanism by which it explains the objectives of economic unity and the means to achieve those goals and monitor its achievement."(Al-Beshtawi and others ,2014)

The importance of governance for companies: (Al-Beshtawi and others ,2014)

1.Enable to enhance the economic efficiency of the enterprise by laying the foundations of the relationship between the directors of the establishment and the Board of Directors and shareholder

2.Developing the regulatory framework through which the objectives of the enterprise can be defined and ways of achieving them by providing appropriate incentives to the members of the Board of Directors and Executive Management to work towards achieving the objectives of the enterprise that are in the interest of shareholders 3.Leads to openness to global financial markets, attracting a broad investor base to finance expansion projects. If enterprises do not rely on foreign investments, they can increase local investor confidence and thus increase capital at a lower cost.
4.Enterprises that increase investors' confidence, because governance rules guarantee the protection of their rights. The importance of governance for shareholders: (Beljodi, & Samiha,2017)

1.Helps ensure the rights of all shareholders such as the right to vote, and the right to participate in decisions of any material changes that may affect the future performance of the enterprise.
2.Full disclosure of the enterprise's performance, financial situation and decisions taken by senior management, helps shareholders identify the risks involved in investing in these enterprises.

The importance of research
The importance of this research in the growing trend of many organizations and institutions of all kinds, globally, regionally, and locally, stems from the introduction of concepts, principles, and governance processes. As an attempt to prevent difficulties that could lead to the collapse of many large companies in other countries (Alamein. 2016).

Corporate governance has evolved into the basis for establishing transparency in order to protect the interests of the parties involved in the company and, consequently, in the economy and society as a whole It also follows the general trend of many States in establishing independent governance organizations to oversee the implementation of governance principles in response to OECD guidelines. The growing trend and growth in applied studies of the idea of governance among people interested in accounting, economics, finance, and management will be highlighted (ntOlssen& Peters, 2005)

II. OBJECTIVES OF RESEARCH

1. This research seeks to achieve the following objectives: The impact of corporate governance on the financial statements of Jordanian commercial banks in terms of improving the quality of accounting information (Al-Bashtawi et al., 2014)
2. Try to determine the effects of financial data management in Jordanian commercial banks to improve the quality of accounting information. This was achieved through corporate governance (Orazalin, 2019)

Population and sampling
The study community consists of accountants and auditors within the finance .
The General Administration of Jordanian Commercial Banks and the number of Jordanian commercial banks (13) banks according to (Banking Sector Guide - Central Bank of Jordan, 2021) And after determining the study community, the study tool was distributed in the method of the random class sample (random class sample) on a share (10) of Jordanian commercial banks in each bank (20) the number of questionnaires.

Data Collection, Measures and Tools
For the analysis phase and after choosing the type of study, the researcher agrees with the data collection techniques for use. Data collection varies depending on the type of search design. Closed questions, such as those seen in a multi-option test, were the most common types of questions used in the questionnaire Because closed questions have fewer differences in from open questions, participants find it simpler and faster to complete, and coding search answers are more successful

III. CONCLUSION

This paper highlighted the importance of corporate governance in recent times, particularly after the financial collapses of many companies, whose main causes were manipulation and fraud in financial reports. The focus was on discussing issues and topics related to corporate governance and the role they play in improving the quality of accounting information. Finally, a series of conclusions were reached, summarized as follows:
Transparency in the preparation of financial reports for companies. Corporate governance mechanisms play a role in improving the quality of accounting information by supporting the functions of both the internal auditor, the audit committee, and the external auditor. Corporate governance will enhance investor and trader confidence in financial markets.

RECOMMENDATIONS

1. The importance of professional organizations and stakeholders working together to highlight the importance of corporate governance in increasing the credibility of financial reports -This enhances the accuracy of the accounting data contained inside.
2. The need for stock market authorities to activate the corporate governance regulations and put in place appropriate measures to ensure their compliance, particularly in Arab countries.

3. Further research and studies on corporate governance, whether to improve the quality of financial reports, increase disclosure and openness, or restore confidence in a statement.

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