

THE ROLE OF CORPORATE GOVERNANCE IN ACHIEVING ACCOUNTING INFORMATION QUALITY (FIELD STUDY IN THE MISHRAQ SULFUR STATE CO.)

Munadhil Abd Aljabar Alsalam

Cihan University / Sulaimani, Kurdistan Region, Iraq
munadhil2000@yahoo.com

Honer Mohamed Mohamed Amin

Darbandikhan Technical Institute
honar.mohammed@spu.edu.iq

Ali Youssef

University of Mosul
aliyousifmg@gmail.com

Abstract

Under the new worldwide changes that were produced by the economic data and technological revolution, corporate governance considered as one of the modern terms. Its importance increased in the business sector because it plays a role in managing any company, and protecting the shareholders' rights. There are several thoughts on the importance of corporate governance. Some thought that corporate governance is important in the public sector because it influence the economy. Others thought corporate governance is very important in the privet sector. The importance of the term, corporate governance, increased in all institutions and in all advanced and emerging economies in the last few decades especially after the economic and financial crisis that many countries underwent. These crises affected the global financial market; such as, the crisis in Southeast Asia in 1997. Moreover, many major international companies especially the American companies collapsed in Fall 2008 because they used complex accounting methods in order to hide their loses and manipulate the rights of people; such as, shareholders, lenders, suppliers, and even the civil society. Hence, the governance became one of the important topics that are applied in both privet and public companies. The reason many shareholders lost their trust in the financial market is that companies' managers and auditors concealed the financial and accounting statements that are applied in all kind of companies. Mistrust was created in the financial reports, and it increased anytime one of the huge companies stumbled. Therefore, this study shows the overlapping and reciprocal relationship between corporate governance and the accounting information quality. Apparently, the accounting information is affected by the rules and mechanisms of governance, and applying it means increasing the trustworthy of the accounting information that are included in financial statements that were prepared for all interested parts.

Keywords

Governance; Accounting; Information; Quality; Corporate

JEL Classification:

M41

Hypotheses

The first prime hypotheses: there is a statistical relationship in the role of corporate governance in achieving accounting information quality.

From the prime hypotheses, other sub-hypotheses are diverged:

1. There is a statistically significant correlation between disclosure, transparency and the quality of accounting information.
2. There is a statistically significant correlation between board responsibilities and the quality of accounting information.

3. There is a statistically significant correlation between the principle of shareholders' rights and the quality of accounting information.
4. There is a statistically significant correlation between the principle of equal treatment of shareholders and the quality of accounting information.
5. There is a statistically significant correlation between the principle of the existence of an effective basic governance framework and the quality of accounting information.

The Study's Goals

The study aims to highlight the corporate governance and its effect on accounting information by achieving the following goals:

- Clarifying the importance and concept of corporate governance, characteristics and determinants.
- Understand the objectives and principles of corporate governance.
- To determine the quality of accounting information and its impact on the rules of governance.
- Clarifying the role of corporate governance in the quality of accounting information.
- Making recommendations based on the results of the study.

The Importance of the Study

Its importance is gained from the increasing interest in governance and the range of its effect over companies in the last years by researchers and other interested people. Also, governance is beneficial because it contributes in achieving accounting reports quality. Moreover, this research considered as a scientific contribution that is used to solve problems in particular sectors in order to enhance the role of corporate governance.

The Method of the Study

In order to achieve the objectives of this study, the analytical descriptive approach was adopted because it is consistent with the nature, purposes, and the available library resources of the study; hence, this study is purely theoretical.

Theoretical Framework of Corporate Governance

Corporate Governance Concept

Historians such as Adolf Barley and Gardensmins have addressed the concept of corporate governance in their book "Modern Society and Private Equity," that deals with the performance of modern economic unity, the efficient use of resources, as well as issues related to separation of ownership from management. TRIDAWI was established in 1985 and has played a key role in identifying the causes of misrepresentation of the facts in the financial reports and making recommendations on reducing such incidences. The Commission submitted its first report on corporate governance and published it in 1987 in which it called for a sound and independent regulatory environment with objective internal audit that gives a disclosure of the effectiveness of internal control ⁽¹⁾. The application of the governance system is based mainly on many laws, regulations, and procedures; such as, corporate laws, capital markets and banks laws, competition and antitrust laws, consumer protection law, tax

laws, and labor and environmental protection laws. Therefore, there are many definitions related to corporate governance based on the multiplicity of writings and differences of opinion of writers and researchers. The following are some definitions related to the concept of corporate governance. The term "governance" includes many aspects including:

1. Wisdom: The guidance required.
2. Judgment: It requires control of things by setting standards and restrictions that control the behavior (Taleb and Al Mashhadani, 2011).
3. Referencing: To refer to moral and cultural references and experiences obtained through previous experiences.
4. Appealing: to appeal to justice, especially when the authority of the administration is twisted and manipulated for the interests of the shareholders.

Corporate Governance is a term that has been given several names in Arabic; such as Institutional governance, good governance, or wise management ... etc. However, the most commonly used term in the academic and research aspects are "Corporate Governance." Governance is "The system by which the Organization's work is directed and monitored at its highest level in order to achieve its objectives and to meet the standards of responsibility, integrity and transparency." "Good Governance," is defined by the World Bank (1992) "as synonymous with effective and optimal economic management that seeks to answer various private criticisms directed towards the states and institutions. These criticisms question the structural reforms that move in a top-down way that led to institutional vacuum instead of mobilization of capacities and energies that the society is enriched by. Good governance, participatory development, human rights, and democracy should be linked. Moreover, appointing and defining the respecting of the laws, conducting the public sector, fighting bribery, and reducing excess and overpriced expenses in the administrative and military aspects also should be linked.

Furthermore, the United Nations Development Program (UNDP) believes that governance is "The exercise of economic, political, and administrative powers to manage the community's affairs at all levels." Similarly, the Organization for Economic Co-operation and Development (OECD) defined the concept of corporate governance in 1998 as, "The system that directs and regulates the business of the company. In other words, it describes and distributes the rights and duties between different parties in institutions; such as, the board of directors, management, shareholders and stakeholders. Also, it sets the rules and procedures that are needed to make decisions regarding the affairs of the company. Besides, it sets the objectives and strategies necessary to achieve these decisions, and it sets the follow-up principles in order to evaluate and monitor performance" (OECD, 2008). It also could be defined as, "The set of rules and procedures that determine the decision making, controlling and monitoring processes within the company" (Castrasse, 2005). In addition, governance is defined by The International Finance Corporation (IFC) as, "The system by which companies are managed and controlled" (Al-Khudairi). Governance is, "A comprehensive system that includes measures of good administrative performance and contains indicators on the existence of controlling methods that prevent any related internal or external party in the entity from adversely affecting the activities of that entity; hence, ensuring the optimal use of the available resources to serve the interests of all parties in a fair manner that fulfills the positive role of the institution in the interest of its owners and society as a whole" (UNPD, 1997).

The Characteristics and Principles of Corporate Governance

a. Corporate Governance Characteristics:

Corporate governance has a group of characteristics that are summarized below (Fawzi, 2003):

1. Discipline: That is to follow the proper and correct moral behavior.
2. Transparency: That is to present the true picture of everything that happens.
3. Independence: That is to eliminate the unnecessary influences and pressures of work.
4. Responsibility: That is the presence of reliability of all interested parties in the institution.
5. Accountability: That is to be able to evaluate and rate the work of the Board of Directors and the Executive Management.
6. Justice: That is to respect the rights of the various stakeholder groups in the institution.
7. Social responsibility: That is to look at the company as a good economic agent.

b. Principles of Corporate Governance:

In 1999, the Organization for Economic Co-operation and Development (OCED) issued five basic principles of corporate governance that involves in the development of legal and institutional frameworks for the governance to be applied in public or private companies these principles are as follows (Omar and Sayeh, 2011):

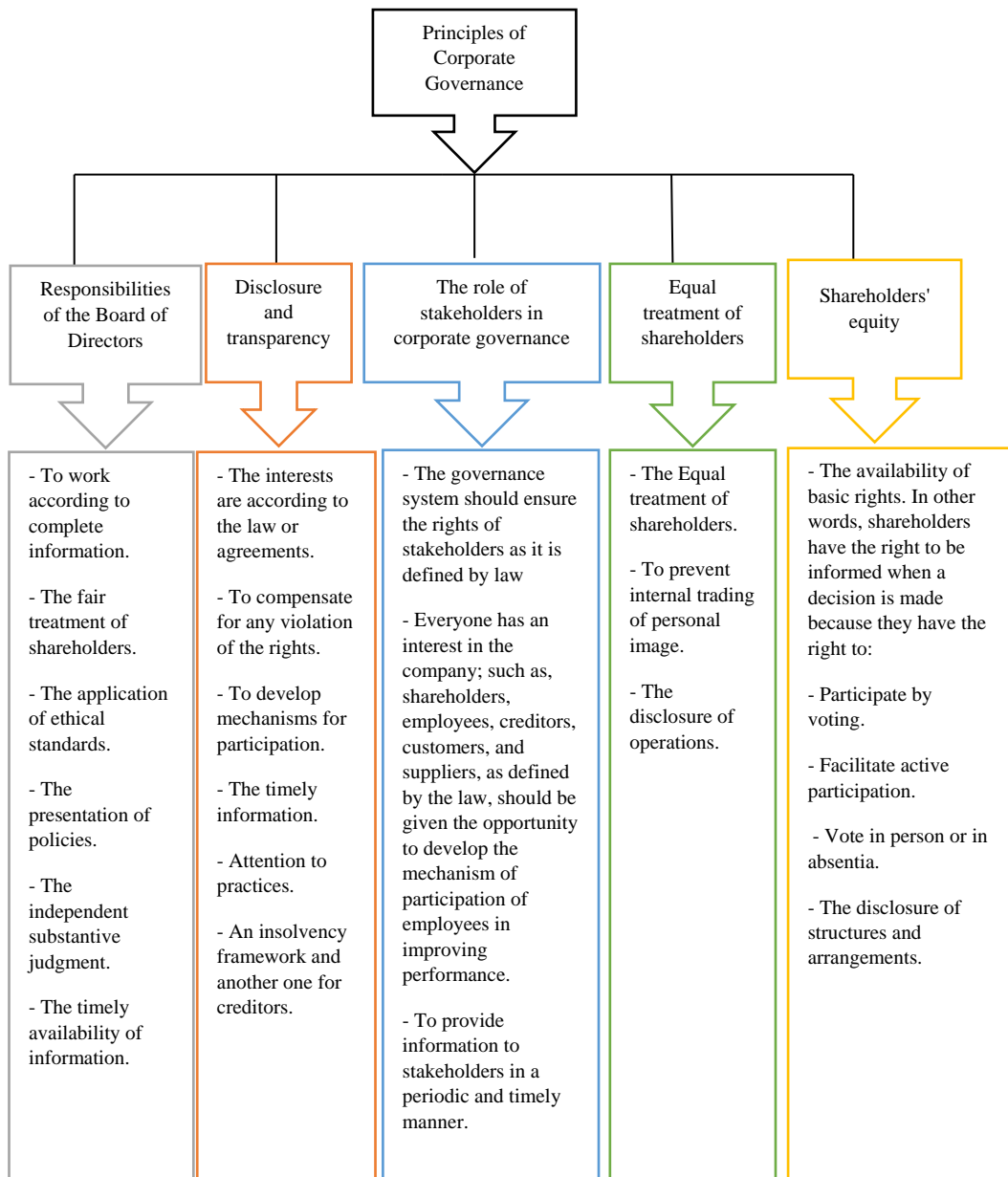
1. The principle of shareholders' rights.
2. The principle of equal treatment of shareholders.
3. The principle of the role of stakeholders in corporate governance.
4. The principle of disclosure and transparency.
5. The principle of the responsibilities of the Board of Directors.

Determinants of Corporate Governance

There are two sets of determinants that the level of quality and good application of corporate governance depend on, as follows (Haddad, 2008):

- 1) External determinants: The existence of such determinants ensures the implementation of laws and regulations that help to improve the management of the company. This group includes:
 - a) The general climate of the organized investment of the economic activities in the country; such as, laws, legislation, and procedures governing the labor market and companies.
 - b) Organizing competition and preventing monopolistic practices and bankruptcy.
 - c) The efficiency of the presence of the financial sector that provides funds needed to establish projects, and the efficiency of the regulatory bodies in the provisions of the control of companies.
 - d) The existence of some self-regulated institutions; such as, professional associations and companies operating in the stock market.
 - e) The existence of private institutions; such as, law offices and financial investment advisory offices.
- 2) Internal determinants: These determinants include:
 - a) Principles, instructions, and rules that determine the style and form of decisions within the company.
 - b) The distribution of powers and functions between the general assembly, the board of directors, and the executive directors in order to reduce the conflict between the interests of these parties.
 - c) Governance, ultimately, leads to increased confidence in the national economy.
 - d) Increase and deepen the labor market to mobilize savings and raise investment rates.
 - e) Ensuring the rights of the minority and small investors.
 - f) Support and encourage the growth of the private sector, especially its competitiveness.
 - g) Assisting projects to obtain financing for their projects and to make profits.
 - h) Create jobs.

Figure 1: Principles of Corporate Governance



Source: Prepared by the researchers using the information provided by Majid Ismail, "The Effect of the Application of Governance Rules on Accounting Disclosure and Quality of Financial Reports", an Advance Submission to fulfill the Requirements for Master's Degree, 2009, p. 19

The Importance and Objectives of Governance

The importance of corporate governance and its objectives are discussed below, respectively:

1) Corporate Governance Objectives:

Corporate governance has many good objectives, including:

- a) Achieving transparency, fairness, and protection of shareholders' rights in the company. This is done through establishing rules, regulations, and controls aimed to achieve transparency and justice.
 - b) Establishing administrative controls, rules, and structures that grant the right to hold the company accountable before the General Assembly, and guarantee the shareholders' rights in the company.
 - c) Developing the investment and its flow through deepening the investor confidence in financial markets.
 - d) Developing savings, maximizing profitability, and creating new jobs.
 - e) Working on increasing the good financial performance through holding the management accountable to shareholders.
 - f) Good and effective control of the performance of economic units to develop and improve their competitiveness.
 - g) Work to encounter unacceptable behaviors, whether on the material, administrative or moral side.
 - h) Providing new jobs.
 - i) Attract foreign and domestic investments, and reduce the leaving of national capital abroad.
 - j) The transparency in accounting and financial auditing procedures to reduce and control corruption in the company.
 - k) Develop, improve and assist decision-makers; such as, managers and boards to build a strategy that serves the administrative and financial efficiency of the company.
- 2) The Importance of Governance

The importance of corporate governance is attributed to the efficient use of resources, maximizing the value of the company, and enhancing its competitiveness in the markets in order to enable it to attract local and international sources of finance for expansion and growth, as well as enabling it to create new job opportunities while ensuring the stability of financial and banking markets. Hence, achieving the efficiency and economic development required. In addition, the importance of governance can be illustrated through the following points:

- Emphasizing the responsibilities of the administration, enhancing its accountability, improving accounting, financial, and administrative practices, and emphasizing transparency will help to detect, take due action, and remedy the causes and effects of financial fraud and administrative corruption.
- Emphasizing the responsibilities of management, strengthening its accountability, protecting the company's assets, protecting the rights of shareholders and others by enhancing their role in monitoring the company's performance and ensuring transparency would help protecting the company and its employees from manipulation, financial fraud, excessive wealth, administrative corruption, crises, and bankruptcy.
- Improving the performance of the company, its economic value, the value of its shares, improving its accounting, financial and administrative practices, fairness of transactions, and fairness and transparency of its information will strengthen the company's competitive capabilities as well as its ability to attract investment and growth.

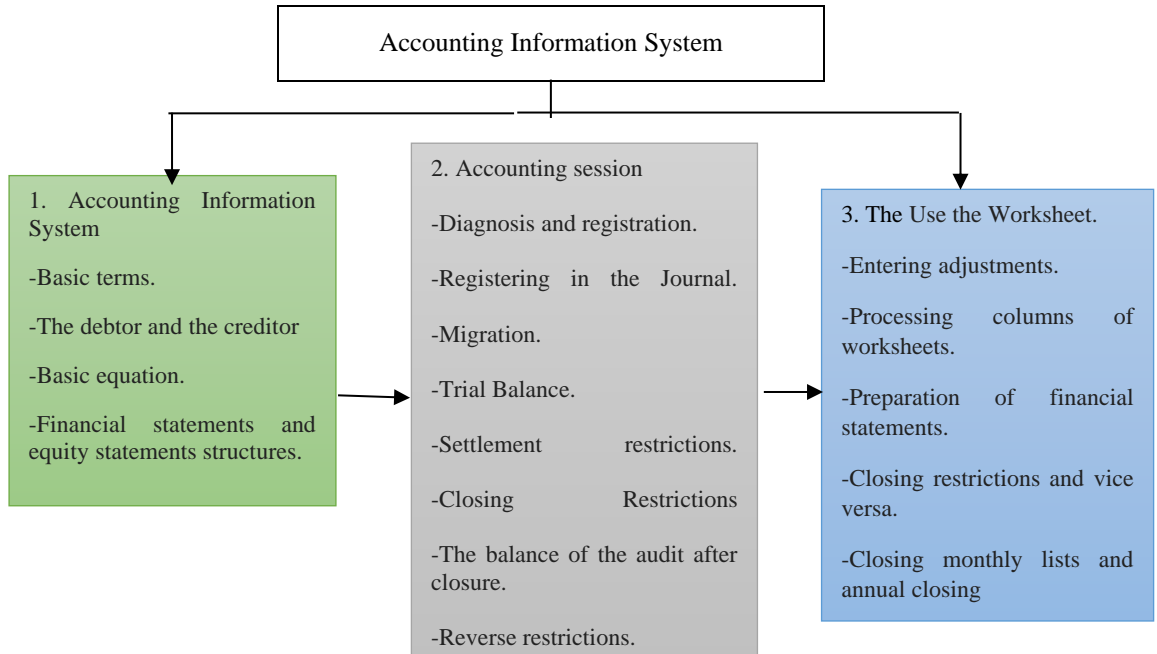
The Quality of the Accounting Information and the Factors Affecting It

The Concept of Accounting Information Quality

Quality in this field means the credibility of the accounting information that is contained in the financial reports and its benefits to users. In order to achieve this, it

must be free from distortion and misleading. Also, it must be prepared in the light of a set of legal, directorial, professional, and technical standards in order to achieve the purpose of its use (Hammad, 2005). Furthermore, accounting information quality means those characteristics that should designate the useful accounting information that is useful for the preparation of financial reports because of its role in assessing the quality of information that result from the application of alternative accounting methods.

Figure 2 illustrates the accounting information system in its modern sense



Source: Donald E. Kieso; Jerry J. Weygandt; and Terry D. Warfield, Intermediate Accounting, Tenth edition, 2001.

Accounting Information Systems

Accounting, like other sciences, is governed by a system of its own. This system consists of three main parts: input, processing, and output. Like any other system, it is governed by several policies and strict procedures that cannot be exceeded for any reason, regardless of the computerization of the system.

Factors Affecting the Quality of Financial Reports

The quality of financial reports is the main objective that companies seek to achieve, but there are a number of factors that affect the process of information production, delivery, and provide the elements of the accounting system, and it can be described below (Hussein, 2000):

- 1) **Physical Components:** It includes all physical components such as manual and automated accounting tools and instruments that are used to produce accounting information.
- 2) **Human Components:** The group of people operating the accounting system and its employees.
- 3) **Financial Components:** It includes all funds available to the system and used to carry out its functions and roles.

- 4) Database: It contains a set of applied procedures and data necessary to run the system and achieve its objectives.

Characteristics of the Quality of Accounting Information

Quality information concepts define the characteristics of useful accounting information, or the basic rules to be used to assess the quality of accounting information. The identification of these characteristics helps officials to develop accounting standards, and to prepare financial statements in evaluating accounting information that result from the application of alternative accounting methods. These characteristics are usually of great benefit to financial reporting officers because it helps them assessing the quality of information that result from the application of alternative accounting methods (Al-Shirazi, 1990).

The accounting information systems are characterized by a number of characteristics, as follows (Al-Hayali, 2006):

1) Appropriate

The ability of such information to support decision makers, and its relevance to the problem at hand. Also, this information should be appropriate to the financial circumstances of the company, and it must help decision makers to confirm or modify their previous expectations, or be appropriate information for decision-makers to predict future events.

2) Temporary

The availability of information when we really need to make a decision and it must not be obsolete when it is received, or when there is a desire to use them.

3) Accuracy:

It means that accurate information needs to be true and error-free. "Information resulting from inaccurate data or unreliable sources of accuracy will be misleading to both the beneficiary and the manager; thus, leading the business and the decision-making in the wrong direction" (Hammad, 2005).

4) Speed of Obtaining the Information

This happens by comparing automated data systems with manual.

5) Inclusion

The degree of perfection of information. This condition is intangible and difficult to measure.

6) Clarity

The information should be free of ambiguity, and the value of the factor of clarity can be determined.

7) Flexibility

The ability of the information to intensify in order for it to be used by more than one user. This condition or standard is difficult to measure accurately, but can be evaluated with a wide range. One of the basic characteristic of information is the ability of its users to directly understand it. In order to achieve this goal, it is assumed that users have an appropriate level of knowledge of accounting assets (Taleb, 2001).

This means:

- The capability of users to understand the information.
- A reasonable level of user's knowledge is assumed.
- Information on important issues should not be ruled out even if they are relatively complex.

8) Feasibility

The establishment of any rational system must have the positive equation of return on cost; that is, the beneficiary of the system to get the best services with the least effort and time (Mubarak and Bishousha, 2009).

9) Reliability

The reliability of accounting information is estimated by the amount of information published in financial reports that are error-free, impartial in presentation, and honest in its perception of economic events and processes. The reliability of accounting information considered as a necessity for individuals who do not have the time and expertise to evaluate the contents of financial reports and to choose the information that is useful to them.

10) Comparability:

This feature enables those who use financial accounting information to recognize the true aspects of the similarity and difference between the performance of an entity and the performance of other entities over a certain period of time. Also, it enables them to compare the performance of the entity itself between different time periods. Similarities and differences aspects arise as a result of the similarities or differences in the circumstances and events that affect different establishments, or the circumstances in which the same entity is affected over successive periods of time. For accounting information to be comparable, the following two conditions must be met (Saaid, 1996):

- 1) The ease of presentation and the use of a standardized method of accounting measurement make it easy to evaluate this information.
- 2) Constancy in measuring and presenting the information from time to time.

Quality of Accounting Information Standards:

The quality of accounting information is achieved through the availability of the following criteria:

- 1) Legal standards: many professional institutions in many countries seek to develop and comply with the quality standards of financial reporting by enacting clear and structured legislation and regulations for the work of these institutions, and providing an effective organizational structure that regulates the performance aspects of the entity in accordance with the legal requirements that obligate companies to adequately disclose their performance.
- 2) Censorship Standards: The control component is seen as a component of the management process on which both the board of directors and investors are based. The success of this component depends on the existence of effective control that determines the role of the audit committees and the financial and administrative control bodies in organizing the financial treatment, as well as the role of shareholders and related parties in applying the rules of governance by censorship bodies to ensure that their policies and procedures are implemented effectively, and that their financial statements are credible with continuous feedback, risk assessment, analysis of processes, management performance assessment, and the application of laws and regulations. Obviously, censorship standards play an important role in modifying the rules of governance. Again, the censorship standards are concerned with examining and evaluating the compliance with policies and procedures that facilitate the allocation of resources to improve the efficiency of the establishment and to increase the confidence of users of the financial statements. Eventually, that will have an impact on strengthening the positive role of the censorship process.
- 3) Professional Standards: Accounting professional bodies and boards are interested in preparing accounting and auditing standards to control the performance of the accounting process. Consequently, highlighting the concept of management accountability by the owners to check on their investments, and that in turn led to the emergence of the need to prepare financial reports that enjoy a good level of integrity and honesty. In brief, the implementation of the concept of accountability is consistent with the corporate governance approach that requires transparency and disclosure of information and supports the process of communication and cooperation between owners and management;

thus, leading to the success of the establishment (Alsalam and Hama-Amin, 2016).

- 4) **Technical Standards:** The availability of technical standards leads to the development of the concept of information quality, which in turn reflects on the quality of financial reports, increases the confidence of shareholders, investors and stakeholders in the company, and leads to increase in the investment. The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) have directed several standards that contribute to providing and controlling the qualitative characteristics of the required financial accounting information. Therefore, it is clear that the existence of standards to control the quality of financial reports has a significant impact on the development and activation of the role of regulators of governance through the establishment of structures used to regulate the administrative process, the enactment of laws governing the work of companies and ensure the rights of shareholders, and the clarification of the importance of censorship and the role assigned to the external auditor. A censorship system showing the need for accountability would increase investor confidence in the management of the establishment. Hence, Accounting and auditing are closely related to the rules of governance. In other words, accounting and auditing are among the most scientific and professional fields affected by the principles and procedures of governance. Moreover, the principles and procedures of governance play a major role in the development of the accounting and auditing profession through issuing legislations and laws governing the censorship and control processes.

Corporate Governance and Its Role in Achieving the Quality of Accounting Information

Good governance is the starting point for any discussion about accounting information. Also, financial and accounting transparency is only a part of the larger corporate governance framework therefore reliable mechanisms and tools are needed to ensure the quality of the accounting information. In addition to the principle of disclosure and transparency that can be applied from the availability of quality information that directly reflected on the financial market in particular. Therefore, through this aspect, it will be tried to address:

First: The tools used by governance to enhance the quality of accounting information.

Second: The interrelationship between governance, disclosure, and the quality of financial reporting.

Third: The implications of governance rules on disclosure and quality of accounting information in financial reports.

Corporate Governance Tools

In order to effectively implement corporate governance, mechanisms and tools must be available to help. These tools represent a set of mechanisms, namely the auditing. In this paper it will be focused on the external audit and the audit committee (Alsalam, 2016).

1) External Audit

External Auditor adds confidence and credibility to accounting information by providing a neutral and technical opinion on the validity and fairness of the financial statements prepared by the economic units through a report prepared by the external audit annexed to the financial statements. The role of external audit has become essential and effective in the field of corporate governance because it limits the conflict between owners and management of economic unity. In other words, eliminating the procuration problem. It also limits the problem of information asymmetry, particularly

between managers and shareholders. Furthermore, external audit reduces the problem of congenital deviation in economic units (Isa, 2008).

2) Audit Committee

Several scientific studies in the United States have shown that the establishment of audit committees within companies will increase the quality of accounting information and reports issued by companies to third parties. The existence of an independent committee to oversee the preparation of financial reports, to strengthen the independence and role of the external auditor, and to ensure the compliance with the principles of governance, will necessarily increase the confidence of investors and other external parties that base their decisions on the basis of this financial information issued by companies in these reports.

Moreover, many international and financial stock exchanges are now demanding the Audit Committee in the registered companies to issue a report within the financial reports in order to increase the quality and credibility of the information contained therein. Also, the audit committee should ensure that the disclosed accounting information is adequate, and it was prepared in accordance with generally accepted accounting principles (Saban and Soliman, 2005). Through the previous tools, the accounting information can be reached by achieving different criteria for the quality of accounting information.

The Relationship of governance rules to disclosure and quality of financial reports:

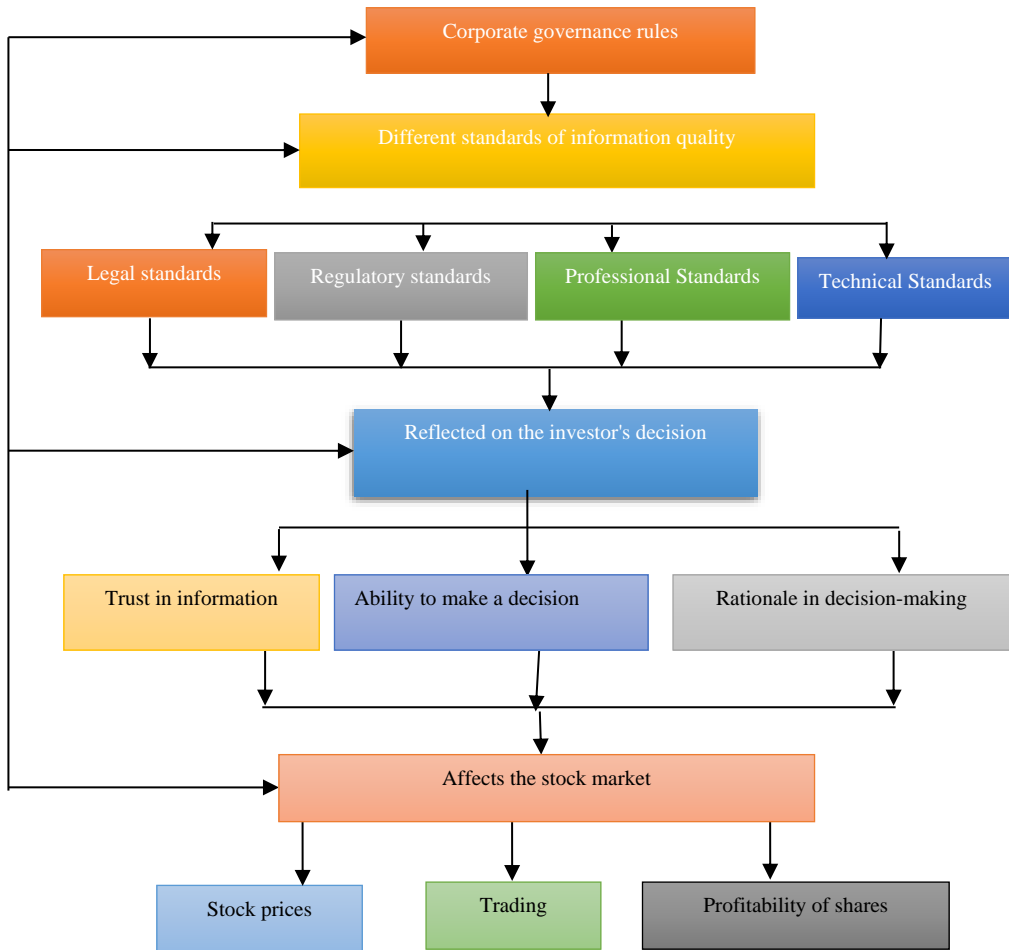
The proper application of the principles of corporate governance constitutes an effective input to the quality of financial reports and the resulting information. The application of these principles affects the degree and level of accounting disclosure, which emphasizes that disclosure, transparency and corporate governance are two sides of the same coin, and they affect and influence each other. If disclosure is one of the most important principles of governance, the framework of corporate governance should be disclosed in a manner that is consistent with financial and accounting quality standards. The direct impact of applying the rules of governance is to restore confidence in accounting information by achieving the comprehensive meaning of these information taking into consideration that the information produced by the financial reports are one of the most reliable bases for measuring the size of risks of various types; such as, market risks, liquidity and interest rate risks, and business, management and exchange rates risks. Moreover, the application of governance principles has a role in the prediction process that considered as another input that is used to analyze the investment decision in the stock market which depends on a main assumption. This mean assumption infers that each security paper has a real value that can be accessed through accounting information by studying the accounting revenue, the rate of distributions, the growth rate, and some accounting ratios. Also, financial reports affect investors' decisions by providing them with information about the companies that put their shares on the financial market before the make a buy or sell decision to support and rationalize that decision.

The implications of governance rules on disclosure and quality of accounting information in financial reports:

The existence of a strong disclosure system and the quality of accounting information encourage the real transparency of listed companies, and it is considered as a key factor for the shareholders' ability to exercise their property rights on a well-researched basis. Experiments show that accounting disclosure and the quality of accounting information contained in the financial reports are a powerful tool for ascertaining the behavior of companies, and protecting the rights of the investors. In other words, adequate disclosure of information in a timely manner can contribute to attracting capital, and

maintaining confidence in the capital markets. Additionally, the importance of disclosure and the quality of financial reports are also demonstrated by the increasing need of joint stock companies to be financed by money markets, stock exchanges, and bonds. Disclosure is a prerequisite for the establishment of financial markets, which are often overseen by professional or quasi-governmental bodies that require companies that are listed in the financial market to follow procedures, laws, and basic rules that are determined by the profession, so that disclosure and published financial reports will gain credibility for the users and shareholders.

Figure 3: The role of corporate governance in enhancing the quality of accounting information and its impact on the financial market:



Source: Mohamed Ahmed Ibrahim Khalil, "The Role of Corporate Governance in Achieving the Quality of Accounting Information and its Implications on the Stock Market - An Empirical Study", Working Paper, Saudi Capital Market Symposium: A Future Perspective, King Khalid University, P. 13, 14.

View and Discuss the Results of the Field Study

Viewing and studying the concept of corporate governance in achieving the quality of accounting information, and the problems that are exposed to it and hindering its business.

A description of the study community:

1) Targeted Community:

A random sample was selected from the study population that of (80) individuals divided between different sections and branches. The sample consisted of about 60 % of the study population. A group of 100 individuals were tested, but only (80) questionnaires were retrieved.

2) How to measure variables:

The questionnaire: The questionnaire consists of the following parts:

The questionnaire was based on a random sampling method. A sample of some administrative staff of the General Company of Al-Mishraq was chosen, and the questionnaires were distributed among the sample in order for them to express their opinion by the appropriate answer according to Likert scale as follows:

- 1) Strongly agree given by the number (5).
- 2) Agree given by the number (4).
- 3) Neutral..... given by the number (3).
- 4) Disagree..... given by the number (2).
- 5) Strongly disagreeablegiven by the number (1).

Also, it should be noted that the value (3.4) is the value of the arithmetic mean (weighted average) in this measure since the value of the strongly disagree choice is (1) not (0). Thus, it is divided into four categories (1-2), (2-3), (3-4), (4-5). It is clear that the value of each category is (0.8) which is the product of dividing the (4) stages on (5) and not (1).

Weighted Average (Arithmetic mean value)	Level
From 1 to 1.79	Strongly Disagree
From 1.80 to 2.59	Disagree
From 2.6 to 3.39	Neutral
From 3.4 to 4.19	Agree
From 4.20 to 5	Strongly Agree

Test the Validity of the Questionnaire

First Method: The trustworthiness of the Judges

The questionnaire was presented to a group of judges, all of whom are specialists in management and accounting and are from different universities. The views of the judges were met, and the necessary deletions and modifications were made based on the proposals that were made by them. An emphasis was placed on the clarity of the statements, their relevance, and their ability in measuring what they were set up for. Based on these views, the questionnaire was prepared in its current form.

Second Method: Testing the constancy coefficient in the alpha Cronbach method

Cronbach's Alpha	N of Items
0.967	20

Source: prepared by researchers in light of the results of the statistical program (SPSS).

The stability of the tool means that if the questionnaire is re-applied under similar circumstances, the same results will be obtained. In other words, the answer to the questionnaire would be somewhat the same if it was repeated by the same people at different times. Now, this does not mean that the results will be in a perfect match of

100%, but may be close to the obtained results. After applying the Alpha Cronbach index to all of the questions, which are (20) questions, the result of the coefficient of Alpha Cronbach was (0.967), which indicates the high ability of the study tool to measure what it was designed for.

Reviewing and Distributing the Answers:

This study can identify the main characteristics of the study sample through the mean, standard deviation, and arithmetic mean. Also, it is possible to identify the response direction of the study sample if it is positive, negative or neutral with statistical analysis of the hypotheses of the study and its proof. It consists of the following demands:

1) Statistical analysis of the study sections: Corporate Governance

Table 1 consists of the questions that include the ideas discussed in the theoretical part of the study which covers the statements that can indicate the role of corporate governance and its application in the company.

Table 1 shows the average answer for each term. Each term with an average above (3.4) is an evidence of the consent of the respondents to that term. Also, the approval rate should be more than (60%). Table 1 shows the responses of the study sample to the statements related to the role of corporate governance. The mean averages for this variable ranged between (3.36 - 3.63) with an average of (3.63) and a standard deviation of (0.60). Thus, this reflects the convergence of the views of the study sample members. Moreover, this aspect includes the approval of the study sample that the company depends on the role of corporate governance in order to exchange information, rely on high-caliber cadres to carry out business, strive to own, and constantly update decisions, and obtain sufficient information about suppliers in order to make proper decisions. In order to know that the respondents agree on the content of the whole aspect, (One Sample T-Test) must be calculated.

Table 1: The sample's response to the role of corporate governance.

Phrases		The Scale					Mean	Std. Deviation	Relative weight	
		1	2	3	4	5				
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree				
1	Ensure that there is a basis for an effective corporate governance framework.	Ratio	0	6	24	42	8	3.650	.7647	0.73
	Repeat	0	7.5	30.0	52.5	10.0				
2	Guarantee the shareholders' rights	Ratio	0	10	12	49	9	3.712	.8297	0.74
	Repeat	0	12.5	15.0	61.3	11.3				
3	Ensure a fair treatment of shareholders.	Ratio	1	3	28	36	12	3.687	.8205	0.73
	Repeat	1.3	3.8	35.0	45.0	15.0				
4	Ensure the rights of stakeholders with the bank.	Ratio	1	8	18	40	13	3.700	.9056	0.74
	Repeat	1.3	10.0	22.5	50.0	16.3				
5	Ensure disclosure and transparency.	Ratio	1	5	14	44	16	3.862	.8530	0.77
	Repeat	1.3	6.3	17.5	55.0	20.0				
6	Ensure that the board of directors holds accountable before the shareholders.	Ratio	0	7	27	33	13	3.650	.8583	0.73
	Repeat	0	8.8	33.8	41.3	16.3				
7		Ratio	2	9	17	38	14	3.662	.9801	0.7

	There are administrative controls, rules, and structures that hold the management of the company accountable before the General Assembly, and guarantee the shareholders' rights in the company.	Repeat	2.5	11.3	21.3	47.5	17.5			
8	Transparency, fairness, and protection of shareholders' rights in the company.	Ratio	0	11	17	30	22	3.787	1.002	0.75
		Repeat	0	13.8	21.3	37.5	27.5			
9	Monitoring the good financial performance by holding the management accountable before the shareholders.	Ratio	0	16	22	28	14	3.500	1.006	0.7
		Repeat	0	20.0	27.5	35.0	17.5			
10	Impose good and effective control over the performance of the economic units in order to develop and improve competitiveness.	Ratio	2	19	15	36	8	3.362	1.034	0.6
		Repeat	2.5	23.8	18.8	45.0	10.0			
11	Transparency in accounting procedures and financial auditing in order to reduce and control the corruption in the company.	Ratio	3	12	26	30	9	3.375	.9984	0.67
		Repeat	3.8	15.0	32.5	37.5	11.3			
General arithmetic mean								3.63	0.60	0.72

Source: prepared by the researchers in the light of the results of the statistical program (SPSS).

This test is used to examine whether the mean variable of one sample is equal to a constant value. In other words, the phrase is considered positive, meaning that the respondents agree with its content, if the calculated value (T) is greater than the tabular value (T) at the appropriate degree of freedom with a level of significance (0.05), or a level of significance less than (0.05), and a relative weight that is greater than (60%). Similarly, the phrase is considered negative, meaning that the study sample does not agree with its content, if the calculated value (T) is less than the tabular value (T) at the appropriate degree of freedom with a level of significance less than (0.05), and a relative weight that is less than (60%). Finally, the views of the study sample shall be neutral if the level of significance is greater than (0.05) (Kathem, 2013).

Table 2: the value of (T) calculated for the corporate governance role aspect

(T) Calculated	Df	Sig. (2-tailed)	Mean Difference
53.563	79	000.	3.63

Source: Prepared by researchers in the light of the results of the statistical program (SPSS)

Table 2 shows the value of (T) calculated is (53.563) while the value (T) tabular at a degree of freedom (79) is (1.99). Therefore, it is clear that (T) calculated is greater than (T) tabular. In other words, the aspect is positive and its phrases were approved on by the study sample. Also, the level of significance is smaller than (0.05), and the relative weight (0.72). In other words, the sample members are able to form a clear vision of the direction of this aspect.

2) Information accounting quality:

It contains (9) phrases (questions) containing the ideas that were addressed in the theoretical part of the study, and it is analyzed as follows:

Table 3: Study sample member's response to the quality of accounting information

Phrases		The Scale					Mean	Std. Deviation	Relative weight	
		1	2	3	4	5				
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree				
12	The ability of this information to support decision makers and its relevance to the problem at hand.	Rate	0	0	21	29	30	4.112	.7954	0.82
		Repeat	0	0	26.3	36.3	37.5			
13	There is a database that contains a set of practical procedures and data necessary to operate the system and achieve its objectives.	Rate	0	6	11	41	22	3.987	.8493	0.79
		Repeat	0	7.5	13.8	51.3	27.5			
14	Accounting information systems help to study the external environment surrounding the company.	Rate	2	9	22	28	19	3.662	1.042	0.73
		Repeat	2.5	11.3	27.5	35.0	23.8			
15	The Company regularly collects information on the financial statements.	Rate	3	8	20	35	14	3.612	1.01	0.72
		Repeat	3.8	10.0	25.0	43.8	17.5			
16	The company predicts its financial needs continuously.	Rate	3	11	9	45	12	3.650	1.020	0.73
		Repeat	3.8	13.8	11.3	56.3	15.0			
17	The company evaluates its financial position at various times.	Rate	5	17	16	35	7	3.275	1.090	0.65
		Repeat	6.3	21.3	20.0	43.8	8.8			
18	Financial information systems provide decision makers with the data they need in a timely manner.	Rate	2	6	26	42	4	3.500	.8113	0.7
		Repeat	2.5	7.5	32.5	52.5	5.0			
19	The company reviews its accounting data through a set of computerized information systems.	Rate	2	10	22	38	8	3.500	.9277	0.7
		Repeat	2.5	12.5	27.5	47.5	10.0			
20	The information is unambiguous, and the value of clarity factor can be determined.	Rate	5	4	37	30	4	3.300	.8915	0.66
		Repeat	6.3	5.0	46.3	37.5	5.0			
General Arithmetic Mean							3.62	0.59	0.72	

Source: prepared by researchers in light of the results of the statistical program (SPSS)

Table 3 shows the responses of the study sample to the statements related to the quality of accounting information. The mean averages for this variable ranged by (3.27 - 4.11) with an average of (3.62), and a standard deviation of (0.59). This reflects the convergence of the views of the study sample members. Thus, this aspect includes the approval that the company reviews its accounting data through a set of computerized

information systems. In addition, the company collects information about competencies in order to benefit from the best of them.

Table 4: The value of (T) calculated for the information accounting quality aspect.

One-Sample Test				
Human Resources Information Systems	(T) calculated	Df	Sig. (2-tailed)	Mean Difference
	54.574	79	.000	3.62

Source: Prepared by researchers in the light of the results of the statistical program (SPSS)

Commenting on the quality of accounting information in general and after calculating the value of (T), table (7) shows that the value of (T) calculated is (54.474) and the value of (T) tabular at a degree of freedom of (79) is (1.99). Obviously, the value of (T) calculated is greater than (T) tabular, so this indicates that the aspect of information accounting quality is positive, and its phrases were approved by the study sample members. Furthermore, the level of significance is smaller than (0.05) and the relative weight is (0.72); indicating that the sample members are able to form a clear vision regarding this aspect.

The Statistical Analysis of the Study Hypotheses and Its Proof

Finding the coefficient of correlation between the role of corporate governance and the quality of accounting information

Table 5: The coefficient of Correlation between the role of corporate governance and the quality of accounting information.

Variables	Pearson Correlation	Sig. (1-tailed)	Number of Sample Members
The principle of disclosure and transparency.	.712**	.000	80
The principle of Responsibilities of the Board of Directors	.640**	.000	80
The principle of the rights of shareholders.	.712**	.000	80
The principle of equal treatment of shareholders.	.551**	.000	80
The principle of an effective framework for governance.	.712**	.000	80
The role of governance in information quality.	**0.533	.000	80

Source: Prepared by researchers in the light of the results of the statistical program (SPSS).

1) There is a statistically significant correlation between disclosure, transparency and the quality of accounting information.

A correlation coefficient was established to determine the relationship between disclosure, transparency and the quality of accounting information. Table 5 shows the

correlation coefficient is (0.71) and the significance value is (0.000) which is less than (0.05). In other words, there is a strong positive correlation between disclosure and transparency in achieving the quality of accounting information at a level of significance (0.05). This means that the responsibilities of the board of directors and everything that it is made of considered having a strong impact on the quality of the accounting information.

2) There is a statistically significant correlation between the responsibilities of the board of directors and the quality of accounting information.

The correlation coefficient was found in order to determine the relationship between the responsibilities of the board of directors and the quality of the accounting information. Table (8) shows the correlation coefficient is (0.64) and the mean value is (0.000), which is less than (0.05). This means that there is a strong positive relationship between the responsibilities of the board of directors and the quality of accounting information at a level of significance of (0.05). Therefore, the responsibilities of the board of directors and everything that it is made up of considered to have a strong impact on the quality of the accounting information.

3) There is a statistically significant correlation between the shareholders' equity and the quality of accounting information.

A correlation coefficient was found to determine the relationship between the shareholders' equity and the quality of accounting information. Table 5 shows the correlation coefficient is (0.71) and the significance value is (0.000), which is less than (0.05). This means that there is a strong positive relationship between the shareholders' equity and the quality of accounting information at a level of significance of (0.05). Moreover, it means that shareholders' equity is considered to be a strong influence on the quality of accounting information.

4) There is a statistically significant correlation between the principle of equal treatment of shareholders and the quality of accounting information.

The correlation coefficient was found to determine the relationship between the principle of equal treatment of shareholders and the quality of accounting information. Table 5 shows the correlation coefficient is (0.55) and the significance value is (0.000) which is less than (0.05). This means that there is a strong positive relationship between the principle of equal treatment of shareholders and the quality of accounting information at a level of significance (0.05). Hence, the principle of equal treatment of shareholders is considered to have a strong impact on the quality of accounting information.

5) There is a statistically significant correlation between the principle of an effective basic governance framework and the quality of accounting information.

The correlation coefficient was found to determine the relationship between the principle of an effective basic governance framework and the quality of accounting information. Table (8) shows the correlation coefficient is (0.71) and the significance value is (0.000) which is less than (0.05). This means that there is a strong positive correlation between the principle of an effective basic governance framework and the quality of accounting information at a level of significance (0.05). Therefore, the principle of an effective governance framework and everything that it is made up of considered to have a strong impact in achieving the quality of accounting information.

6) There is a statistically significant correlation between the role of corporate governance in the information quality and the quality of accounting information.

A correlation coefficient was found to determine the relationship between the role of corporate governance and the quality of accounting information. Table (8) shows the correlation coefficient is (0.55) and the significance value is (0.000) which is less than (0.05). This means that there is a strong positive relationship between corporate

governance and the quality of accounting information at a level of significance (0.05). Eventually, it means that corporate governance has a role in achieving the quality of accounting information.

Proofing the Main Hypotheses

In order to proof the study's hypotheses, the following tests were used:

- 1) **R Links:** The R Link is used to measure the strength and direction of the relationship between two quantitative variables; such as, corporate governance and accounting information quality.
- 2) **(R²):** It expresses the responsibility of the independent variable for the change that happens in the dependent variable.
- 3) **(T) and (Sig):** It indicates the rejection of the null hypothesis, or the no relationship hypothesis, and accept the alternative hypothesis if the Sig is smaller than (0.05). Equivalently, the null hypothesis is accepted if Sig is greater than (0.05), and the value of (T) is greater than (2).

Table 6: the results of the T-test and the R-Links test to proof the hypotheses, and to identify the relationship between the role of governance and the quality of accounting information

Variables	T	Level of Significance (Sig)	R	R Square
The principle of disclosure and transparency	8.566	000.	0.696	0.48
The principle of the board of director's responsibilities.	4.75	000.	0.64	0.40
The principle of shareholders' equity.	3.531	000.	0.37	0.13
The principle of equal treatment of shareholders.	5.833	000.	0.55	0.30
The principle of an effective governance framework.	8.945	000.	0.71	0.50
The role of governance in information quality.	5.854	000.	0.55	0.30

Source: Prepared by researchers in the light of the results of the statistical program (SPSS).

- **First Hypothesis**

There is a statistically significant relationship between the principle of disclosure and transparency and the achievement of the accounting information quality.

The results in Table 6 show that the value of (R) indicates a strong correlation between the principle of disclosure and transparency and the achievement of the accounting information quality with an (R) value of (0.69) and an amount of responsibility of (48%), which is a good proportion. As a result, the principle of disclosure and transparency is responsible for achieving the quality of accounting information in a serious and important manner. Returning to the principle of disclosure and transparency hypothesis, it could be noticed that the value of (T) was (8.566) and that the value of (sig) was (0.000), which is smaller than (0.05). Thus, rejecting the null hypothesis and accepting the alternative hypothesis; there is a statistically significant relationship between the principle of disclosure and transparency and the achievement of accounting information quality.

- **Second Hypothesis**

There is a statistically significant relationship between the principle systems of responsibilities of the board of directors and the achievement of the quality of accounting information.

The results in Table 6 show that the value of (R) indicates a strong correlation between the principle systems of responsibilities of the board of directors and the quality of the accounting information with an (R) value of (0.64), and an amount of responsibility of (40%) which is considered as a good proportion. As a result, the principle systems of responsibilities of the board of directors are responsible for achieving the accounting information quality in a serious and important manner. Returning to the principle systems of responsibilities of the board of directors in achieving the quality of accounting information, it could be noticed that the value of (T) was (4.75) and the value of (sig) was (0.000), which is smaller than (0.05). Based on the previous information, the null hypothesis gets rejected, and the alternative hypothesis is accepted; there is a statistically significant relationship between the principle systems of responsibilities of the board of directors and the achievement of the quality of accounting information.

- **Third Hypothesis**

There is a statistically significant relationship between the principle of shareholders' equity and the achievement of the quality of accounting information.

The results in Table 6 show that the value of (R) indicates a strong correlation between the principle of shareholder's equity and the achieving of the quality of accounting information with an (R) value of (0.37) and an amount of responsibility of (13%), which is a good proportion. As a result, the principle of shareholders' equity is responsible for achieving the quality of the accounting information in a serious manner. Returning to the principle of shareholder's equity in achieving the quality of accounting information, it could be noticed that the value of (T) was (3.531) and the value of (sig) was (0.000), which is less than (0.05). Thus, the null hypothesis gets rejected, and the alternative hypothesis gets accepted; there is a statistically significant relationship between the principle of shareholders' equity and the achievement of the quality of accounting information.

- **Fourth Hypothesis**

There is a statistically significant relationship between the principle of equal treatment of shareholders and the achievement of the quality of accounting information.

The results in Table 6 show that the value of (R) indicates a strong correlation between the principle of equal treatment of shareholders and the quality of accounting information with an (R) value of (0.55) and an amount of responsibility of (30%), which is considered as a good proportion. As a result, the principle of equal treatment of shareholders is responsible for achieving the quality of accounting information in a serious and important manner. Returning to the principle of equal treatment of shareholders in achieving the quality of accounting information, it could be noticed that the value of (T) was (5833) and the value of (Sig) was (0.000), which is smaller than (0.05). Thus, the null hypothesis gets rejected, and the alternative one gets accepted; there is a statistically significant relationship between the principle of equal treatment of shareholders and the achievement of the quality of accounting information.

- **Fifth Hypothesis**

There is a statistically significant relationship between the principle of the effective basic framework of governance and the achieving of quality of accounting information.

The results in Table 6 show that the value of (R) indicates a strong correlation between the effective basic framework of governance and the quality of accounting information with an (R) value of (0.71) and an amount of responsibility of (50%), which is a good

proportion. As a result, it is clear that the effective basic framework of governance is responsible for achieving the quality of accounting information in a serious and important manner. Returning to the principle of the effective framework of governance in achieving the quality of accounting information, it could be noticed that the value of (T) was (8.945) and the value of (sig) was (0.000), which is less than (0.05). Hence, the null hypothesis is rejected, and the alternative hypothesis is accepted; there is a statistically significant relationship between the principle of the effective basic framework of governance and the achieving of quality of accounting information.

Conclusions and Recommendations of the Study

Conclusion Related to the Theoretical Aspect

The theoretical study reached the following conclusions:

Corporate governance is a tool that is used to provide the highest quality of information because it relies on a set of tools that provide it with this property. Through the external auditor's report, reliable information could be ensured. Moreover, through the audit committee, auditor's report gets improved and its independency gets supported. Thus, corporate governance can achieve various qualitative characteristics of accounting information in order to rely on these information in making investment decisions. Finally, it should be noted that the positive reflection of the application of corporate governance on the quality of accounting information can only be reflected in reality if a number of additional measures were applied which serve as a support for the success of practicing corporate governance and achieving the quality of accounting information; such as, the following procedures:

- Working with all legal, regulatory and accounting procedures to prepare and submit reports and financial statements that are accurate, clear, credible, and easy to understand, so that reliable decisions can be made.
- The activation of control mechanisms in order to prepare and present financial reports and lists; thus, producing accounting information through preparing qualified internal and external auditors who have high ethical values.
- Defining and explaining the principles of corporate governance for the members of the board of directors, shareholders and auditors because the success of the application of governance in any entity depends heavily on them.
- The necessity to activate the role of the competent committees, which operate in the financial markets, in reviewing the reports and financial statements submitted by the listed companies in the stock exchange.

Conclusions Related to the Practical Aspect

1) There is a statistically significant correlation between corporate governance and its role in achieving the quality of accounting information.

A correlation coefficient was found to determine the relationship between the role of corporate governance and the quality of accounting information. Furthermore, table (7) shows the correlation coefficient is (0.55) and the significance value is (0.000), which is less than (0.05). It seems, then, there is a strong positive correlation between corporate governance and the quality of accounting information at the level of significance (0.05). Hence, corporate governance has a role in achieving the quality of accounting information.

2) There is a statistically significant relationship between governance and its role in achieving the quality of accounting information.

The results in Table (8) show that the value of (R) indicates a strong correlation between governance and its role in achieving the quality of accounting information with an (R) value of (0.55) and an amount of responsibility of (30%), which is a good proportion.

As a result, it is clear that governance has a serious and important role in achieving the quality of accounting information. Returning to the hypothesis of governance and its role in achieving the quality of accounting information, it could be found that the value of (T) was (5.854) and the value of (sig) was (0.000), which is less than (0.05). Thus, the null hypothesis gets rejected and the alternative one gets accepted; there is a statistically significant relationship between governance and its role in achieving the quality of accounting information.

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