



Voluntary Disclosure Practices in Jordan: Exploring the Key Drivers and Implications

Alaa Mohamad Malo Alain*

^aAccounting and AIS Department, Amman University College, Al Balqa Applied University, Salt, Jordan
E-mail: prof.maloain@bau.edu.jo

Abstract

This study aims to measure the impact of the level of voluntary disclosure transparency on improving the quality of published financial reports in Jordanian business enterprises during the year 2024. The study adopted a combination of the inductive and positive approaches by extrapolating previous research and studies on voluntary disclosure and using the positive approach to analyze the quantity and quality of information disclosed in financial reports.

To achieve the study's objectives, a model for measuring the level of voluntary disclosure was developed based on models previously used in studies conducted in environments similar to the Jordanian context. This model includes **134 elements** encompassing strategic, financial, and non-financial information, with the aim of assessing the impact of these components on improving financial report quality. The study defines report quality in terms of the ability of disclosed information to influence the decision-making process of report users within the research population, which consists of publicly listed companies on the Amman Stock Exchange.

Additionally, the study sought to analyze the relationship between several variables – **board independence, family ownership percentage, audit committees, and international exposure** – and the level of voluntary accounting disclosure. The research sample consisted of **20 publicly listed companies** on the Amman Stock Exchange, selected based on specific criteria that serve and contribute to achieving the study's objectives.

The results revealed a **statistically significant positive correlation** between **board independence, international exposure, audit committees, audit firm size, company size, and company performance** and the level of voluntary disclosure transparency. Furthermore, the study found a **statistically significant negative correlation** between the percentage of **family ownership** in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.

Key Words: Accounting Disclosure, Accounting Information Quality, Voluntary Disclosure.

*Corresponding Author

DOI: 10.46333/ijtc/14/1/1

PAPER/ARTICLE INFO

RECEIVED ON: 18/05/2025
ACCEPTED ON: 29/06/2025

Reference to this paper
should be made as follows:

Alain, A.M.M. (2025),
"Voluntary Disclosure
Practices in Jordan:
Exploring the Key Drivers
and Implications", *Int. J. of
Trade and Commerce-IJARTC*,
Vol. 14, No. 1, pp: 1-22.

1. INTRODUCTION

In recent years, accounting thought has increasingly focused on the transparency of disclosure due to the financial collapses that many financial markets and companies have experienced, which were partly caused by the lack of transparency in financial reports. Therefore, transparency has become one of the key elements relied upon by users of financial reports to assess the quality of accounting information, as it plays a role in providing useful information for making investment and credit decisions, evaluating expected cash flows, and providing information about the company's resources, the rights to these resources, and changes in them (Kieso et al., 2010).

To emphasize the importance of transparency, the Financial Accounting Standards Board (FASB) in the United States, while preparing the conceptual framework for accounting, has expanded the scope of transparency in disclosure to include all financial reports, not just financial statements. Disclosure concerns the information contained in financial statements and reports, provided that this information is relevant, including the characteristics of timeliness, feedback, predictability, comparability, cost-benefit analysis, and comprehensibility.

Disclosure includes data from the published financial statements at the end of each financial period and the accompanying explanatory notes. It is divided into mandatory disclosure imposed by laws and regulations, and optional disclosure required by the needs of stakeholders. The goal of disclosure is to assist relevant parties in making their investment decisions, and the level of optional disclosure in annual financial reports is influenced by both internal and external factors, as well as the needs of users of accounting data. The level of optional disclosure is also affected by the anticipated benefits and risks associated with it. The cost of preparing the data and the degree of benefit for stakeholders on the one hand, and competitors on the other hand, determine the level of optional disclosure.

Laws, regulations, the instructions of the Securities Commission, the Central Bank of Jordan, accounting standards, and international auditing standards play an important role in determining the level of disclosure. The International Accounting Standards Board has issued several standards specifying how and what should be disclosed, such as International Standard No. (1) Presentation of Financial Statements, International Standard No. (24) Related Party Disclosures, and International Standard No. (30) Disclosures in Financial Statements of Banks and Similar Financial Institutions, which was later replaced by International Financial Reporting Standard No. (7).

In recent years, Jordan has given attention to reviewing legislative and regulatory frameworks to improve the level of transparency in the financial disclosures published to ensure quality in financial reports. For example, the Disclosure Instructions for Financial Information and Records of the Securities Depository Center of 2003, issued based on Article (83/A) of the Securities Law No. (76) of 2002, require companies to disclose their interim and annual financial statements on their website as soon as they are approved by the board of directors, along with issuing circulars on disclosure controls for companies. Additionally, Jordan Securities Commission issued a Guide to Corporate Governance Rules, which in Chapter Four specifies the policies and procedures related to disclosure and transparency, and required companies to expand the scope of disclosure beyond the minimum limits (Armitag, Marston, 2008), to ensure that both financial and non-

financial information is provided to all users of financial reports simultaneously, reducing information asymmetry and allowing stakeholders to evaluate and monitor management performance. Given the multiple factors that may affect the transparency of disclosure by business enterprises in optional disclosure – such as board independence, international reach, audit committees, family ownership, company size, audit office size, and company performance – the importance of studying the relationship between these factors and the quality of optional accounting disclosure becomes evident to improve the quality of financial reports.

1.1. Research Problem

In light of the globalization of financial markets and the technological and informational developments taking place worldwide, mandatory disclosure no longer meets the diverse needs of users of financial and accounting information. This has led to the need for optional disclosure to reduce the information asymmetry between managers and investors and to improve the quality of disclosed information. The aim of optional disclosure in financial reports and statements is to provide stakeholders with information that allows them to assess the timing, and likelihood of returns on their investments (Al-Safadi, 2015). Additionally, it helps reduce information asymmetry among participants in the securities market, which in turn activates the market and enhances its effectiveness.

Based on the above, the main research problem is represented by the following key questions:

- [i] To what extent is it possible to build an index for measuring the transparency of optional disclosure in the published financial reports of Jordanian listed companies in the stock market to improve the quality of the published financial reports?
- [ii] What is the nature of the correlation between the variables (independence of board members, family ownership percentage, audit committees, international reach) and the level of optional disclosure in the published financial reports in the Jordanian stock market?

1.2. Research Importance

The importance of this research is derived from the following elements:

- a) Many accounting literatures have addressed measuring the level of transparency in financial disclosures in environments that are different in nature from the Jordanian environment. These studies have also relied on global measurement indicators such as the Standard & Poor's (S&P) index. Thus, the importance of this research lies in its attempt to build an index for measuring the level of disclosure, taking into account the various aspects of the legal and regulatory environment of Jordanian business enterprises.
- b) The high level of disclosure in the published financial reports of Jordanian business enterprises and its impact on the quality of the financial reports will benefit the users of these reports (current and potential investors, creditors, lenders, and government entities). It will assist them in making informed decisions, contribute to improving economic performance, and foster the growth and activity of the Jordanian securities market.

- c) Transparency of disclosure and the quality of financial reports are relative concepts, as the level of disclosure may differ from one enterprise to another, and the perception of financial report users regarding the quality of the information may vary. Therefore, the significance of this research lies in expressing the level of transparency of disclosure using a quantitative measure, illustrating the potential impact of the degree of disclosure on the quality of the informational content of financial reports.

1.3. Research Objectives

The main objectives of the research are as follows:

- [i] To build an index for measuring the transparency of optional disclosure in published financial reports and test the extent to which the Jordanian business environment applies the proposed index and its role in improving the quality of published financial reports.
- [ii] To analyze the relationship between several variables (independence of board members, family ownership percentage, audit committees, international expansion) and the level of optional disclosure in published financial reports.

1.4. Research Hypotheses

Following research hypotheses are formulated:

- [i] There is no statistically significant positive correlation between the independence of board members in Jordanian joint-stock companies and the level of optional disclosure in financial reports.
- [ii] There is no statistically significant negative correlation between the family ownership rate in Jordanian joint-stock companies and the level of optional disclosure in financial reports.
- [iii] There is no statistically significant positive correlation between the formation of audit committees with non-executive members in Jordanian joint-stock companies and the level of optional disclosure in financial reports.
- [iv] There is no statistically significant positive correlation between international expansion in Jordanian joint-stock companies and the level of optional disclosure in financial reports.

1.5. Research Limits

- [i] The research is limited to examining the relationship between certain governance mechanisms (independence of audit committees, independence of the board of directors, audit office size) and transparency of disclosure, without delving into the conceptual framework of governance.
- [ii] The research is limited to joint-stock companies registered in the Jordanian financial market, excluding banks and insurance companies due to their unique business nature.

1.6. Concept of Optional Disclosure

Optional disclosure refers to the voluntary publication of financial and non-financial information through annual reports. It represents the management's commitment to providing additional information beyond the legal requirements (Bouchayeb, 2016). This information is provided willingly and proactively by the organization (Foster, 1986), and it is presented alongside mandatory information (Al-Maghribi, 2022).

The relationship between mandatory and optional accounting disclosure is complementary. International accounting standards require companies to disclose their accounting policies when preparing financial statements and provide additional information regarding any changes in these policies. They also require the disclosure of financial information related to the company's financial position, as well as the preparation and presentation of financial statements in a way that is easy to understand for stakeholders. Furthermore, companies are required to support their financial reports with both quantitative and qualitative evidence (Latridis, 2011).

1.7. Impact of Disclosure Transparency on the Quality of Published Financial Information

The quality of accounting information has been a topic of significant attention recently, both locally and globally, particularly after the successive collapses of several major global companies, such as the American company Enron and WorldCom, the second-largest telecommunications company in the world, as well as many companies in Southeast Asia. These incidents contributed to increasing doubts among investors and stakeholders regarding the quality of accounting information in published financial reports and whether they truthfully reflect the company's financial position and results of operations. This also led to a greater need for a reliable standard to assess the quality of accounting information (Kassab., & Al-Razeen, 2009).

Since the data and information included in the published financial statements are among the most useful sources of information for decision-makers, many professional organizations and regulatory bodies, both locally and globally, have sought to improve the level of disclosure and transparency in financial reports to increase the credibility of the accounting information they contain. This effort prompted the U.S. Congress to pass the Sarbanes-Oxley Act of 2002, the Treadway Commission report of 1987, the Cadbury Committee report of 1992, and the OECD Corporate Governance Principles issued in 1999 and later developed in 2004. Additionally, the Standard & Poor's 2002 index for measuring the degree of accounting disclosure in published financial statements was introduced, along with efforts by the Jordanian Securities Commission. It is worth noting that these efforts aimed to increase the level of disclosure and transparency in financial reports, as they play a significant role in influencing the behavior of investment and financing decision-makers.

1.8. Relationship Between Disclosure Transparency and the Quality of Accounting Information

Achieving transparency in accounting disclosure in published financial reports remains a controversial topic in accounting thought. It requires balancing the level of transparency that business organizations are willing to provide and the level of transparency they desire. Therefore, there is variation in the degree of transparency between joint-stock companies, attributed to differences in the perspectives of their boards of directors regarding the importance of disclosing minimal information about their financial results. On the other hand, some organizations provide more detailed information about their performance (Khalil, 2008).

Some believe (Michael, 2007) that while mandatory disclosure provides a minimum level of requirements, many stakeholders seek more information. Increasing the amount of disclosed information can improve the information environment by reducing uncertainty risks, mitigating

information asymmetry, and decreasing the risk of misjudgments, which enhances investors' confidence in the published accounting information. However, Robert (2006) emphasized that increasing the amount of information beyond the necessary limit can prevent investors from distinguishing between useful and irrelevant information, negatively affecting their decisions. Therefore, the researcher argues that the disclosure of information should be within the scope required by financial report users to help them assess the company's current and future position. Despite the importance of the qualities required for accounting information, as outlined in the conceptual framework issued by the Financial Accounting Standards Board (FASB) or the International Accounting Standards Committee, transparency in disclosure was not included among these qualities. However, several studies (Jonas, Blanchet, 2000) have identified some characteristics that accounting information must possess to be considered high quality, including the following:

- a. **Faithful Representation:** This refers to the truthfulness of the information and its representation of economic activity. Accurate information leads to sound decision-making.
- b. **Neutrality:** This means that the information presented in financial reports should not reflect any manipulation aimed at benefiting one party at the expense of others.
- c. **Completeness:** This refers to the sufficiency of information, ensuring it covers all events and transactions within the company to meet the needs of financial report users.

Thus, information containing these qualities will be accurate, predictive, and transparent. The researcher believes that improving the transparency of accounting disclosure to achieve high-quality accounting information requires several key components, including:

- a. **Expanding the Scope of Information Disclosure in Financial Reports:** Given the diverse needs of financial report users, there is an increased need to expand disclosure beyond historical financial data to include non-financial information. This includes disclosing company ownership structure, board composition, committees, internal control systems, accounting policies, and management judgments and estimates (Youssef, 2006; Ali, 2005).
- b. **Electronic Disclosure of Accounting Information:** The FASB (2000) indicated that electronic disclosure helps financial report users access information instantly, reducing information asymmetry. Delays in disclosing information raise doubts about the accuracy of financial results and the company's financial position, which may deter investors from investing. Studies by Hangjiang (2003) and Al-Rashidi (2009) emphasized that timely disclosure is one of the most important factors affecting the quality of accounting information.
- c. **Compliance with International Financial Reporting Standards (IFRS):** Daske et al. (2007) stated that applying IFRS would enhance the transparency and comparability of financial reports, especially in the context of international business expansion, and reduce capital costs by ensuring high levels of disclosure and high-quality information. The

Russian Corporate Governance Roundtable (2004) and Jermakowicz & Gornik (2006) also explained that adopting IFRS provides numerous benefits for companies, investors, stakeholders, and regulatory bodies, as these standards provide new information to support decision-making, enable company comparisons, and increase confidence and quality in financial reports, ultimately leading to more efficient financial markets.

2. EMPIRICAL LITERATURE REVIEW

Several recent studies have shown that the variation in the quality of accounting information in emerging markets can have significant impacts (Abdeljaleel, Faisal, et al., 2024). The purpose of voluntary disclosure in financial reports (Al-Safadi, 2015) is to provide current and potential investors and creditors with information that enables them to assess the magnitude, timing, and likelihood of returns from their investments. There are also many variables that may affect the quality of financial reports, such as company size, leverage (Haddad, 2020), liquidity, profitability, ownership structure (Zamil et al., 2023), information systems, accounting regulations and guidelines, audit committees (Valerio et al., 2017), and the market value of company shares (Davide, 2016; Islam, M.S., 2021). Additionally, the content of information and its managerial motives play a role in evaluating non-financial disclosure (Zabihollah & Ling Tuo, 2017; Ban Abdul-Kadhm, 2021).

A study by Metwally (2021) indicated that adopting International Financial Reporting Standards (IFRS) helps improve the level of voluntary disclosure for public joint-stock companies and has a significant positive effect on the financial performance of these companies.

Undoubtedly, stakeholders, in addition to information regarding the goals and policies of organizations, also require information on measurable objectives and actual quantitative performance. Therefore, a combination of qualitative and quantitative non-financial information about companies is needed (Bouten et al., 2011). Al-Tuwaijri et al. (2004) believe that quantitative disclosure is more objective and useful for stakeholders than qualitative disclosure. Additionally, Romito and Vurro (2020) confirmed that both the level of non-financial disclosure and the breadth of topics covered in reports related to stakeholders help reduce information asymmetry.

In this context, a study by Sketon & Yang (2008) sought to test the relationship between ownership structure and transparency in accounting disclosure, measured by online disclosure practices. The study found a negative impact of ownership concentration by major investors on online disclosure practices, as major investors were less inclined to disclose information online due to their ability to access the needed information directly from management without needing to expand disclosure.

Some studies (Michael et al., 2007; Mohyeldin, 2009; Ismail, Obeid, 2007) have indicated that the transparency of disclosure should be broad enough to cover various levels, ultimately ensuring fair representation and disclosure of economic performance and financial position of business organizations. Any deficiency in transparency at lower levels inevitably leads to deficiencies at higher levels. Key areas for such levels include transparency of events and transactions, accounting methods and policies, management judgments and estimates, economic substance measures, forecasting ability, and transparency in accessing and integrating information. Given the calls for expanding transparency, mandatory disclosure has become insufficient to meet the

needs of financial report users, as it usually only includes historical financial data, which is limited to evaluating past performance. As a result, the scope of disclosure has expanded to include non-financial information, such as disclosing company ownership structure, board composition, and committees, as well as providing future forecasts and management assessments of the effectiveness of internal control systems, alongside external auditors' reports on the effectiveness of internal controls – this is referred to as voluntary disclosure.

3. RESEARCH METHODOLOGY

The researcher relied on both the inductive and positivist approaches. The inductive approach was used to review previous research and studies on voluntary disclosure, while the positivist approach was applied to analyze the quantitative and qualitative information disclosed in financial reports. For the purpose of this study, a model was developed to measure the level of voluntary disclosure based on methodologies from several studies (Malo Alain, and El-Meligy, 2013; Mareq, 2009), which are environments similar to the Jordanian context. This model included 134 items, encompassing strategic, financial, and non-financial information, to assess the impact of these components on improving the quality of financial reports, specifically the ability of disclosed information to influence the decisions of users of these reports within the research population, consisting of public joint-stock companies listed on the Amman Stock Exchange.

3.1. Research Population and Sample

The study population consists of public joint-stock companies listed on the Jordanian Stock Exchange. The researcher selected a sample of 20 companies for the study during the period of 2024-2025, due to their focus on the level of disclosure and the presence of various stakeholders interested in it.

3.2. Measurement of the Study's Variables

a. Dependent Variable: Level of Voluntary Accounting Disclosure

To measure the level of voluntary disclosure, the researcher relied on indicators from previous studies that aimed to improve the transparency of financial reports and make them more suitable for the needs of users (Khalil, 2008; Hammad, 2006; Afifi, 2008; Lim et al., 2008; Petersen, Plenborg, 2006). In addition, the researcher attempted to add a set of indicators that could make financial reports more transparent. The researcher developed a voluntary disclosure index consisting of 134 items, categorized into eight main groups. Table 1 below summarizes the number of items in each group.

Table 1: Elements Included in the Voluntary Disclosure Index

No.	Voluntary Disclosure Index Groups	Number of Items in Each Group
1	Nature of Business Entities and Their International Extension	16
2	Ownership Structure and Investor Rights	19
3	Financial Transparency and Disclosure of Information / Company Trends	36
4	Board Structure and Processes	29

5	Financial Statements	6
6	Social and Environmental Activities of Business Entities	10
7	Electronic Disclosure Practices	10
8	Disclosure of Research and Development Costs	8
	Total Number of Voluntary Disclosure Index Items	134

The researcher based the construction of the disclosure index on non-weighted disclosure due to the variety of users of financial reports and the diversity of their interests, avoiding subjective estimation when assigning weights to the elements of the index. The researcher analyzed the published financial reports of Jordanian joint-stock companies to verify the availability of the voluntary disclosure index elements. If an element was available, it was assigned the value "1," and if it was not available, it was assigned the value "0." Furthermore, the researcher developed a guide to assess the transparency level of the companies under study. This guide includes the following levels, as shown in Table 2:

Table 2: Guideline for Assessing the Transparency Level of Companies

Disclosure Transparency Percentage	Company Transparency Level
1% to 50%	Low
51% to 75%	Medium
76% to 85%	High
86% to 100%	Very High

b. Elements for Measuring Disclosure Transparency

Through these elements, the level of disclosure transparency within Jordanian business entities can be determined. Therefore, these elements must be comprehensive, covering all the information required by the users of financial reports.

Based on the above, the researcher can clarify the elements of the proposed index for measuring disclosure transparency in the financial reports of Jordanian business entities, as shown in the following Table 3 (Appendix):

c. Measurement of Independent Variables:

The relationship between independent variables and the level of voluntary accounting disclosure (the dependent variable), had been clarified along with the measurement method for each, as shown in Table (4) below:

Table 4: Measurement Method of Study Variables

Variables	Measurement Method	Expected Relationship with Voluntary Disclosure Level
Dependent Variable		
Y	Disclosure Level	Number of disclosed items ÷ Total disclosure index items

Independent Variables		
X1	Board Independence	Percentage of non-executive members in the board of directors
X2	*Family Ownership Percentage	Percentage of shares owned by board members, senior executives, and their minor children
X3	Audit Committees	Dummy variable = 1 or 0
X4	International Extension	Dummy variable = 1 or 0
Control Variables		
X5	**Company Size	Natural logarithm of total assets at year-end
X6	Audit Firm Size	Dummy variable = 1 or 0
X7	Company Performance	Net profit of the year ÷ Total assets at year-end

4. FINDINGS AND HYPOTHESIS TESTING

a. Measuring the Level of Voluntary Disclosure Transparency in Financial Reports Published by Jordanian Public Shareholding Companies:

Table 5 shows that Jordanian businesses vary in their level of voluntary disclosure, which can be attributed to the extent to which the management of these businesses believes in the importance of voluntary disclosure and its role in fostering investor confidence in the informational content of the published financial reports. Companies operating in the phosphate sector achieved the highest disclosure rate, approximately (92.8%), while the disclosure rate in the real estate sector was moderate, with an average of (71.6%).

Table 5: Level of Disclosure Transparency in the Published Financial Reports of the Study Sample Companies

Company	Research and Development Costs	Electronic Disclosure	Social and Environmental Activities	Financial Statements	Board Structure and Operations	Financial Transparency and Disclosure of Information	Ownership Structure and Investor Rights	Nature of Business Enterprises and International expansion	Level of Disclosure	Total Disclosure Rate
JD	75.1	80.0	90.0	60.0	100.0	83.3	76.7	42.9	High	76.0
JPM	86.8	85.0	100.0	60.0	100.0	90.0	90.0	71.4	Very High	85.4
(ARAL)	85.0	85.0	100.0	40.0	100.0	86.7	90.0	78.6	High	83.2
NSI	84.7	78.0	100.0	40.0	100.0	86.7	90.0	85.7	High	83.1
JPM	93.5	92.0	100.0	95.0	100.0	86.7	96.7	78.6	Very High	92.8
SFI	88.5	90.0	100.0	60.0	100.0	83.3	90.0	85.7	Very High	87.2
NC	78.8	87.0	100.0	60.0	100.0	86.7	86.7	70.3	High	83.7
JPR	87.4	95.0	90.0	100.0	100.0	73.3	90.0	57.1	Very High	86.6
DADI	80.2	100.0	100.0	60.0	100.0	86.7	86.7	50.3	High	83.0
AP	77.5	80.0	100.0	60.0	100.0	86.7	86.7	60.3	High	81.4
Baytna	72.2	100.0	80.0	60.0	100.0	70.0	33.3	57.1	Moderate	71.6
ADRE	78.7	100.0	41.0	100.0	100.0	68.2	49.0	90.0	High	78.4
JMR	81.5	100.0	55.0	100.0	100.0	66.7	64.3	86.0	High	81.7
CEG	81.5	100.0	50.0	100.0	100.0	80.0	53.0	80.0	High	80.6
Elec.Dist	84.1	100.0	40.0	100.0	100.0	83.3	78.6	80.7	High	83.3
JTI	77.9	98.0	39.0	100.0	100.0	61.7	64.3	80.0	High	77.6
AIURED	83.6	97.0	58.0	100.0	100.0	81.3	74.4	82.0	High	84.5
PIREH	86.4	98.0	42.0	100.0	100.0	91.0	88.3	92.6	Very High	87.3
AREDI	88.1	99.0	62.0	100.0	100.0	90.0	92.2	77.2	Very High	88.6
ARE	78.3	99.0	32.0	100.0	100.0	83.3	64.3	78.0	High	79.4
	82.5	93.2	74.0	79.8	100.0	81.3	77.3	74.2	Average	82.5
	General Disclosure Rate for All Axes								High	82.8

This table provides a breakdown of the transparency levels across various aspects of disclosure for the selected sample of Jordanian companies.

b. Testing Research Hypotheses

First Hypothesis: There is no statistically significant positive correlation between the independence of board members in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.

From Table 6, we observe a correlation coefficient of (0.562) and a significance level of (0.001). Comparing this with the default significance level (0.05), we find that the significance level is smaller than the default level, thus we reject the hypothesis. This means that there is a statistically significant positive correlation between the independence of board members in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports. This result aligns with the studies of (Birt, et al., 2004) and (Afifi, 2008), which found a correlation between the independence of board members and enhanced voluntary disclosure in published financial reports.

Table 6: Correlation between the Independence of Board Members in Jordanian Public Shareholding Companies and the Level of Voluntary Disclosure in Financial Reports

Correlation	Board Independence (R)
Disclosure Level	0.562**
Significance Level	0.001
Sample Size	20
Note: Statistically significant at a significance level of 0.05	

Second Hypothesis: There is no statistically significant negative correlation between family ownership percentage in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.

From Table 7, we observe a correlation coefficient of (-0.621) and a significance level of (0.012). Comparing this with the default significance level (0.05), we find that the significance level is smaller than the default level, thus we reject the hypothesis. This means that there is a statistically significant negative correlation between family ownership percentage in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports. This result shows that the motivation for management to disclose beyond legal requirements decreases with an increase in family ownership. This is consistent with the studies of (Ghazali, 2006) and (Afifi, 2008), which found an inverse relationship between family ownership percentage and the level of voluntary disclosure in financial reports.

Table 7: Correlation between Family Ownership Percentage in Jordanian Public Shareholding Companies and the Level of Voluntary Disclosure in Financial Reports

Correlation	Family Ownership Percentage
Disclosure Level	-0.621**
Significance Level	0.012
Sample Size	20
Note: Statistically significant at a significance level of 0.05	

Third Hypothesis: There is no statistically significant positive correlation between the formation of audit committees from non-executive members in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports. From Table 8, we observe a correlation coefficient of (0.588) and a significance level of (0.000). Comparing this with the default significance level (0.05), we find that the significance level is smaller than the default level, thus we reject the hypothesis. This means that there is a statistically significant positive correlation between the formation of audit committees from non-executive members in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports. This result agrees with the studies of (Barako, et al., 2006) and (Isabel, et al., 2012), which found that the independence of the audit committee and the presence of expertise among its members helps reduce fraud and accounting manipulation, leading to improved transparency in financial reporting.

Table 8: Correlation between Audit Committees in Jordanian Public Shareholding Companies and the Level of Voluntary Disclosure in Financial Reports

Correlation	Audit Committees (R)
Disclosure Level	0.588**
Significance Level	0.000
Sample Size	20
Note: Statistically significant at a significance level of 0.05	

Fourth Hypothesis: There is no statistically significant positive correlation between international expansion in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.

From Table 9, we observe a correlation coefficient of (0.632) and a significance level of (0.000). Comparing this with the default significance level (0.05), we find that the significance level is smaller than the default level, thus we reject the hypothesis. This means that there is a statistically significant positive correlation between international scope in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.

Table 9: Correlation between International Expansion in Jordanian Public Shareholding Companies and the Level of Voluntary Disclosure in Financial Reports

Correlation	International Scope (R)
Disclosure Level	0.632**
Significance Level	0.000
Sample Size	20
Note: Statistically significant at a significance level of 0.05	

5. MAIN FINDINGS

In line with the objectives and methodology of the study, the applied research conducted by the researcher on a sample of 20 Jordanian public shareholding companies listed on the Amman Stock Exchange yielded the following results:

- (i). There is a statistically significant positive correlation between the independence of board members, international expansion, audit committees, audit firm size, company size, company performance, and the level of voluntary disclosure transparency. The study also found a statistically significant negative correlation between family ownership percentage in Jordanian public shareholding companies and the level of voluntary disclosure in financial reports.
- (ii). The study proposed an index for measuring disclosure transparency in Jordanian businesses within the framework of accounting standards and the Jordan Securities Commission's requirements, consisting of 8 categories and 134 elements.
- (iii). The study revealed a low level of disclosure regarding environmental and social activities in businesses, with the average disclosure rate in the sample companies being 74.00%. This is considered a low percentage given the size of the companies in the Jordanian market. This indicates insufficient attention from businesses to social activities such as environmental and social performance reports, employee benefits, severance compensation, and health and safety policies. This may be attributed to the costs associated with these activities and the management's lack of awareness of their importance in influencing the confidence of financial report users in the quality of the disclosed information.
- (iv). The study results showed that the highest level of disclosure transparency in financial reports was in the phosphate, real estate development, food industries, and mining sectors, with the disclosure transparency rate for companies in these sectors ranging between 92.8% and 85.4%. This is likely due to the technological advancement in these sectors and the management's focus on achieving disclosure transparency.

6. RECOMMENDATIONS

In light of the study's findings, the following recommendations can be made:

- (i). **Activating the role of audit committees** in Jordanian public shareholding companies to improve the quality of accounting information in financial reports. Merely disclosing the formation of audit committees is not a strong justification for improving disclosure transparency. Therefore, attention should be given to the educational qualifications of committee members and the availability of financial and accounting expertise among its members, as well as increasing the number of meetings held by committees, which would reflect positively on the quality of accounting information.
- (ii). **Developing an educational system and media plan** to raise awareness among users of financial reports about the importance of studying the informational content of financial

reports, verifying its quality, and ensuring it meets their needs for decision-making. This would serve as a tool to pressure companies to improve the quality of accounting information.

- (iii). **Requesting the Jordan Securities Commission** to rank companies according to their level of disclosure transparency in financial reports and how well they meet user needs, similar to what is done in the U.S. stock market by major financial institutions such as Standard & Poor's.
- (iv). **Encouraging Jordanian public shareholding companies** to apply a methodology for expanding disclosure, ensuring that disclosure is both extensive and continuous to meet the needs of stakeholders with different objectives. This should be done in successive periods.

REFERENCES

- [1]. Abdeljaleel, Faisal, et al. (2024). A Proposed Accounting Index for Voluntary Disclosure of Non-Financial Information to Reduce Information Asymmetry: An Empirical Study Applied to Libyan Banks. *Journal of Economic Studies*, Faculty of Economics, Sirte University, Volume 7, Issue 1 (2024).
- [2]. Afifi, H. A. (2008). The relationship between the application of corporate governance and the level of voluntary disclosure in annual reports: An empirical study. *Journal of Commercial Research*, Faculty of Commerce, Zagazig University, 1, 429-497.
- [3]. Ali, L. A., & Zain Al-Abidin. (2005). An analytical study of the impact of applying corporate governance mechanisms on the quality of accounting disclosure. *Proceedings of the Fifth Conference on Corporate Governance and Its Accounting, Administrative, and Economic Dimensions*, Faculty of Commerce, Alexandria University, September 8-10, 265-268.
- [4]. Al-Maghribi, M. I. (2022). The impact of voluntary accounting disclosure on improving accounting information quality in Jordanian commercial banks. *Ramah Journal for Research and Studies*, 73(2).
- [5]. Al-Rashidi, M. S. M. (2009). Online accounting disclosure and corporate governance: A theoretical and empirical study. *Journal of Contemporary Commercial Research*, 23(1), 34.
- [6]. Al-Safadi, H. K. (2015). The impact of voluntary accounting disclosure in financial reports on investors' decision-making in industrial companies listed on the Amman Stock Exchange: A field study. *Unpublished Master's Thesis*, Zarqa University, Faculty of Graduate Studies, Accounting Department, 1-95.
- [7]. Al-Tuwaijri, S. A., Christensen, T. E., & Hughes II, K. E. (2004). The relations among environmental disclosure, environmental performance, and economic performance: A simultaneous equations approach. *Accounting, Organizations and Society*, 29(5-6), 447-471.
- [8]. Armitage, S., & Marston, C. (2008). Corporate disclosure, cost of capital and reputation evidence from finance directors. *The British Accounting Review*, 40(4), 314-315.
- [9]. Ban Abdul-Kadhm, A. (2021). The role of accounting disclosure in improving stock prices and maximizing the market value of the company: Applied study in a sample of Iraqi industrial companies. *PJAEE*, 18(18).

- [10]. Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance*, 14(2), 107-125.
- [11]. Birt, J. L., Bilson, C. M., Smith, T., & Whaley, R. E. (2004). Ownership, competition, and financial disclosure. Working Paper. Available at www.ssrn.com.
- [12]. Bouchayeb, H. (2016). The role and importance of voluntary disclosure in the financial statements of institutions. *Journal of the Institute of Economic Sciences*, 20(2), 11-29.
- [13]. Bouten, L., Everaert, P., Van Liedekerke, L., De Moor, L., & Christiaens, J. (2011). Corporate social responsibility reporting: A comprehensive picture? *Accounting Forum*, 35(3), 187-204.
- [14]. Daske, H., Hail, L., Luez, C., & Verdi, R. (2007). Adoption a label: Heterogeneity in the economic consequences of IFRS adoption. Working Paper. Available at www.ssrn.com.
- [15]. Davide Scaltrito, (2016), Is Voluntary Disclosure Value Relevant? Evidence from Italian Listed Companies, *The International Journal of Business and Finance Research*, (Vol. 10, No. 2), pp.17-30.
- [16]. Foster, G. (1986). *Financial statement analysis*. Prentice-Hall, Englewood Cliffs, p. 200.
- [17]. Ghazali, N., & Weetman, P. (2006). Perpetuating traditional influences: Voluntary disclosure in Malaysia following the economic crisis. *Journal of International Accounting, Auditing and Taxation*, 15, 226-248.
- [18]. Haddad, A. E., Shibly, F. B., & Haddad, R. (2020). Voluntary disclosure of accounting ratios and firm-specific characteristics: The case of GCC. *Journal of Financial Reporting and Accounting*, 18(2).
- [19]. Hammad, T. A. (2006). A proposed model for measuring the level of transparency in light of business characteristics in the Egyptian environment: A field study. *Journal of Accounting Thought*, Faculty of Commerce, Ain Shams University, 1, 99-205.
- [20]. Hangjiang, X. (2003). Key issues of accounting information quality management: Australian case studies. *Industrial Management & Data Systems*, 103(7), 461-470.
- [21]. Isabel- Maria Garcia-Sanchez, Jose V. frias-Aceituno and Raquel Garcia - Rubio (2012), Determining Factors of Audit Committee Attributes: Evidence From Spain, *International Journal of Auditing*, vol. 16. pp 184-208.
- [22]. Islam, M. S. (2021). Investigating the relationship between integrated reporting and firm performance in a voluntary disclosure regime: Insights from Bangladesh. *Asian Journal of Accounting Research*, 6(2), 228-245.
- [23]. Ismail, Z. M. A., & Obeid, I. S. (2007). Measuring disclosure transparency in published financial reports: A field study on companies listed in the Egyptian market. *Proceedings of the Fourth Scientific Conference on Modern Trends in Accounting and Auditing in Light of Economic and Technological Changes*, Faculty of Commerce, Cairo University, June 20, 1-30.
- [24]. Jermakowicz, E. K., & Gornik, S. T. (2006). Implementing IFRS from the perspective of EU publicly traded companies. *Journal of International Accounting, Auditing and Taxation*, 15, 167.
- [25]. Jonas, G. J., & Blanchet, J. (2000). Assessing quality of financial reporting. *American Accounting Association, Accounting Horizons*, 14(3), 353-363.

- [26]. Kassab, Y., & Al-Razeen, A. R. (2009). The role of governance mechanisms in enhancing the quality of financial reports: An empirical study on Jordanian public shareholding companies. *Journal of Accounting, Management, and Insurance*, Faculty of Commerce, Cairo University, 73, 223-263.
- [27]. Khalil, Mohamed Ahmed Ibrahim (2008). A Proposed Approach for Measuring Transparency in Egyptian Business Organizations – A Theoretical and Applied Study. *Journal of Studies and Business Research*, Faculty of Commerce, Benha University, Issue No. 1, pp. 1-51.
- [28]. Kieso, D., Weygandt, T., & Warfield, T. (2010). *Intermediate accounting* (13th ed.). John Wiley and Sons, Inc.
- [29]. Latridis, G. E. (2011). Accounting disclosures, accounting quality and conditional and unconditional conservatism. *International Review of Financial Analysis*, 20, 88-102.
- [30]. Lim, S., Matolcsy, Z., & Chow, D. (2008). The association between board composition and different types of voluntary disclosure. Available at <http://www.ssrn.com>.
- [31]. Malo Al-Ain, Alaa, & El-Meligy, Magdy (2013). Measuring the Level of Disclosure in Published Financial Reports to Improve the Quality of Accounting Information in Saudi Business Enterprises. *Scientific Journal of Economics and Trade*, Ain Shams University, Volume (3), pp. 483-564.
- [32]. Mareq, Saad Mohammed (2009). Measuring the Level of Voluntary Disclosure in Published Financial Reports of Saudi Joint-Stock Companies. *King Abdulaziz University Journal*, Faculty of Economics and Administration, Volume (23), Issue (1), pp. 131-174.
- [33]. Metwally, S. (2021). A study on the impact of voluntary disclosure on the financial performance of companies in light of the adoption of IFRS: An empirical study on companies listed on the Egyptian Stock Exchange. *Journal of Economic Studies*, 22(2), 669-736.
- [34]. Michael Gruning (2007). Drivers of Corporate Disclosure: a Structural Equation Analysis in a Central European Setting, *Management Research News*, vol. 30, No. 9. p 646.
- [35]. Mohyeldin, Ahmed Mohamed Ahmed (2009). The Impact of Ownership and Control Structures in Joint-Stock Companies on Accounting Disclosure – An Analytical and Applied Study. Unpublished PhD Dissertation in Accounting, Faculty of Commerce, Alexandria University, pp. 15-17.
- [36]. Petersen, C., & Plenborg, T. (2006). Voluntary Disclosure and Information Asymmetry in Denmark, *Journal of International Accounting, Auditing and Taxation*, vol 15, pp 127-149.
- [37]. Robert W.mcGees (2006). Timeliness of Financial Reporting in the Russian Energy Sector, Working Paper Series Andreas school of Business ,Working Paper Series, Barry University, p.4
- [38]. Romito, S., & Vurro, C. (2020). Non-financial disclosure and information asymmetry: A stakeholder view on US listed firms. *Corporate Social Responsibility and Environmental Management*.
- [39]. Sketon, A. & Yang, Ya-wen (2008), The Impact of Corporate Governance on Internet Financial Reporting, *Journal of Accounting and Public Policy*, No. 27.

- [40]. Valerio Antonelli, Raffaele D'Alessio, Francesca Cuomo, (2017). Beyond Stakeholders Theory: Financial reporting and voluntary disclosure in Italian SME according to a Systemdynamics point of view, *Economia Aziendale Online*, (Vol. 7, No. 4), pp. 285 – 304.
- [41]. Youssef, Mohamed Tarek (2006). Corporate Governance and the Necessary Legislation for Proper Implementation. Symposium on Public and Private Corporate Governance for Economic and Structural Reform, Workshop on Internal Auditing within the Framework of Corporate Governance, Arab Organization for Administrative Development, p. 58, Cairo, November 19–23.
- [42]. Zabihollah Rezaee, & Ling Tuo, (2017). Voluntary Disclosure of Non-Financial Information and Its Association with Sustainability Performance, *Advances in Accounting*, (Vol. 39), pp. 47-59.
- [43]. Zamil, I. A., Ramakrishnan, S., Jamal, N. M., Hatif, M. A., & Khatib, S. F. A. (2023). Drivers of corporate voluntary disclosure: A systematic review. *Journal of Financial Reporting and Accounting*, 21(2), 232-267. <https://doi.org/10.1108/JFRA-04-2021-0110>

PERIODICALS

- [1]. Committee on the Financial Aspects of Corporate Governance. (1992). Report of the Committee on Financial Aspects of Corporate Governance. Gee. The Cadbury Report. Retrieved from www.yahoo.com
- [2]. The Russian Corporate Governance Roundtable. (2004, November 11). Implementing International Financial Reporting Standards (IFRS) in Russia: 25 Recommendations to Facilitate the Transition to IFRS. The Russian Corporate Governance Roundtable, OECD.
- [3]. Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745 (2002).
- [4]. Organization for Economic Co-operation and Development (OECD). (1999). The Principles of Corporate Governance. OECD.

(Appendix) : Table 3: Proposed Index for Measuring Disclosure Transparency in Jordanian Business Entities

No.	Disclosure Index Elements
1.	Nature of the Business Entity and its International Expansion
1	Name of the entity and its legal form
2	Location of the entity, country of establishment, and address
3	Description of the business activity
4	Information about the main products of the entity
5	Branches of the entity and its international presence
6	Information about the entity's competitors domestically and internationally
7	Market share of the entity both locally and internationally
8	Information about the industry the entity belongs to
9	Sales growth rate compared to industry standards
10	Number of employees (headcount, financing, contracts)

11	Information about short-term advertising campaigns
12	Quality of products and services
13	Description of commitment to plans
14	Contribution of the company to the national economy
15	Disclosure in tables and charts
16	Disclosure of risk management plans
2.	Ownership Structure and Investor Rights
17	Does the financial report describe the types of shares in the company?
18	Does the financial report provide information about the types of investors?
19	Does the financial report provide information about the number of shares?
20	Does the financial report provide information about the nominal value of ordinary shares?
21	Does the financial report provide information about the market value of shares at year-end?
22	Trends in the market value of shares
23	Market value of the company at year-end
24	Total number of shareholders
25	Information about shareholders and their shares
3.	Financial Transparency and Company Information/Trends
36	Does the financial report discuss the company's adopted strategy?
37	Does the financial report provide financial efficiency indicators, such as:
38	Quantitative productivity indicator for the entity
39	Standard productivity indicator for the entity
40	Return on investment
41	Customer satisfaction rate
42	Working capital turnover rate
43	Current ratio
44	Quick ratio
45	Cash ratio
46	Earnings quality ratio
47	Inventory turnover rate
48	Interest coverage ratio
49	Does the financial report compare these indicators with industry standards?
50	Does the financial report provide information about the characteristics of assets used?
51	Effect of inflation on company results

52	Effect of inflation on assets
53	Exchange rates used to convert foreign currency accounts into local currency
54	Explanations for changes in gross profit
4.	Board Structure and Operations/Board Operations
72	Does the company disclose the names and positions of board members?
73	Does the company disclose the academic qualifications of board members?
74	Does the company classify board members as executive or non-executive?
75	Does the company disclose the timing of board member appointments?
76	Does the company disclose details regarding the board's role in the company?
77	Does the company disclose the matters under the board's responsibility?
78	Does the company disclose the committees under the board?
79	Does the company disclose the board meeting schedule?
80	Does the company have an audit committee?
81	Does the company disclose the names of audit committee members?
82	Does the company have a compensation and incentives committee?
83	Does the company disclose the names of the compensation and incentives committee members?
84	Does the company have a nominations committee?
85	Does the company disclose the names of the nominations committee members?
86	Does the company disclose the existence of an internal audit function?
87	Does the company disclose the internal audit report?
88	Does the company disclose the quality of its internal control systems?
89	Does the company disclose the objectives, tasks, and authority of internal audit management?
90	Does the company have a committee for investment strategies, finance, rewards, and board member training?
91	Does the company disclose the training programs received by board members?
92	Does the company disclose the number of shares owned by board members?
93	Does the company disclose board member compensation?
94	Does the company disclose board member salaries?
95	Does the company disclose performance-linked board member compensation?
5.	Financial Statements
101	Does the company disclose a detailed statement of financial position?
102	Does the company disclose a detailed and appropriate income statement?
103	Does the company disclose a detailed and appropriate cash flow statement?

104	Does the company disclose a detailed and appropriate statement of changes in equity?
105	Does the company disclose financial statement notes?
106	Does the company disclose its financial statements for the past five years?
6.	Social and Environmental Activities
107	Does the company disclose social performance reports?
108	Does the company disclose environmental performance reports?
109	Does the company disclose its policies and programs related to social and environmental activities?
110	Does the company disclose its health and safety policies?
111	Does the company disclose employee benefits and end-of-service compensations?
112	Product safety and environmental impact
113	Donations and grants
114	Support provided to others
115	Charitable donations
116	Environmental and social responsibility statement
7.	Electronic Disclosure Practices
117	Does the information published on the company's website adhere to agreed-upon principles?
118	Is the information on the website protected from manipulation?
119	Is the information on the website subject to independent review and supervision?
120	Does the company merely provide a link to external sites that analyze and display financial reports?
121	Does the company ensure that historical information from previous periods is available on its website?
122	Does the company disclose dividend payouts on its website?
123	Does the electronic information reduce uncertainty for you?
124	Is the auditor's report on the website signed?
125	Does the website provide a means to notify the company of concerns?
126	Does electronic disclosure help in easily accessing financial reports, especially in the case of international operations?
8.	Research and Development Disclosure
127	Research and development policy
128	Locations of research and development activities
129	Number of employees in research and development
130	Budget allocated for research and development

131	Research and development projects
132	Quantitative indicators for research and development expenditures in the last two years
133	Graphical indicators for research and development expenditures in the last two years
134	Results achieved from research and development