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The Moderating Role of the Governance Index in the Relationship between Financial Risk Disclosure and Stock Liquidity: Evidence from Jordan

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The Moderating Role of the Governance Index in the Relationship between Financial Risk Disclosure and Stock Liquidity: Evidence from Jordan

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Abstract
This study aimed to examine the impact of financial risk disclosure on stock liquidity as well as the role of the governance index in enhancing this impact for industrial companies listed on the Amman Stock Exchange. The (35) industrial companies that were included in the sample of those listed on the Amman Stock Exchange from (2015 to 2019) and whose published annual financial statements were examined. Descriptive statistics measures were employed for data analysis, and the study hypotheses were tested using multiple linear regression analysis and interactive regression analysis. The study came to the conclusion that there is no statistically significant relationship between financial risk disclosure and the stock liquidity of industrial companies listed on the Amman Stock Exchange, and that the governance index has no statistically significant influence on enhancing this relationship. The study recommended the need for the responsible authorities to raise awareness among the management of industrial companies, of the importance of disclosing any financial risks they may be exposed to, and the disclosure of appropriate policies for managing financial risks, in addition to its awareness of the importance of disclosure On the items of governance, because of their role in building a positive image of the company and improving its performance and reputation.
Keywords: Financial Risk Disclosure, Stock Liquidity, Governance Index

Introduction
The significance of disclosure stems from the significance of the disclosed information and its impact on companies' current and future performance, as information is the essence of competition at all levels and frameworks (Altheibeh et al., 2018), and disclosure of risk information assists investors in understanding the events that could occur. It has an impact

on the company's financial health (Weygandt et al., 2012), as well as consequences for investment efficiency by minimizing information asymmetry and agency problems (Al-Hadi, et al., 2016). Risk disclosure is also critical in improving market discipline (Scannella & Polizz, 2017), raising investor trust in the company's performance and business operations (Nahar et al., 2016), lowering investor uncertainty, and increasing stock liquidity, the profitability of the company (Nasr, 2019).
Good disclosure improves the level of rational decision-making for investors, attracting new investors, which benefits the stability of the capital market, and lowers agency costs, It also increases the transparency of information between companies and investor, which helps investors' confidence in the performance of the companies grow and keeps the company's stocks in the market permanently, and improving the performance of the business (Na et al., 2011). Companies that operate in unstable environments are less reliant on good governance because of the nature of their work, which necessitates a rapidly changing business environment (Berglund, 2020). Governance is a crucial mechanism for improving disclosure and increasing information transparency (Istiningrum, 2019), which reduces asymmetry in the disclosed information and raises demand for the stock, increasing its turnover (Bova & Pereire, 2012). Therefore, this study came to achieve the following objectives:

- Identifying the degree of financial risk disclosure of industrial companies listed on the Amman Stock Exchange.
- Identifying how financial risk disclosure affects industrial companies listed on the Amman Stock Exchange's stock liquidity.
- Identifying how the governance index contributes to a positive influence on the stock liquidity of industrial companies listed on the Amman Stock Exchange.

Literature Review

Financial risks are considered risks caused by events related to the policies followed by the financial management in the company, and lead to failure in managing financial resources, and exposing them to financial loss (Kamaruzaman et al., 2019), and include credit risks, liquidity risks, market risks (Dey et al., 2018). The risk that one party assumes as a result of the potential default for the other party on its financial commitments to the first party is known as credit risk (Abd al Hamid & Mahmoud, 2019). the liquidity risk, which a risk arises when a firm is unable to pay its debts when they are due either because it has the liquid assets to do so or because it has not secured the money necessary to do so (Qasim, 2018). However, market risk are risks that are directly linked to market movements, such as changes in interest rates, commodity prices, and currency rates (Saeda & Kulthum, 2017).
Risk has an impact on the firm's capacity to survive and thrive in the market (Abdullah & Abdual Shoukor, 2015). This is because risks are a inherent element of each business, activity or projet that the company does (Amran et al., 2009). After the financial scandals and the financial crisis of 2007, creditors, investors, and other stakeholders' faith in the performance of businesses decreased, which increased the need for honest and reliable risk disclosure (Saggar & Singh, 2017). Following the publication of Standard No. 7 (IFRS 7) entitled (Financial Instruments: Disclosures), which has been in effect since the beginning of the year (2007), it became mandatory for listed companies to disclose any financial risks to which they may be exposed, as well as the method used by the company to manage those risks (Dicuonzo et al., 2017.(
The definition of disclosure of financial risk is providing the reader with information about any chance, possibility, risk, or exposure that has already harmed the firm or might do so in

the future (Linsely & Shrives, 2006). It allows for the determination of the nature, kinds, and mechanisms for assessing and mitigating these risks (Lahsan & Kaddour, 2017), and it offers thoroughly researched and organized data that creates a competitive edge and boosts the value of the business (Abedel Razak, 2014). It significantly affects the cost of capital, which lowers it and boosts investor trust in the firm's performance and business operations (Nahar et al., 2016). Risk disclosure has a significant impact on the quality of financial reports and is directly related to the stock market's liquidity, the financial success of the firm, and the volatility of stock returns.
One of the primary functions of capital markets is liquidity (Salehi et al., 2011). Liquidity measures the market's capacity to absorb the most significant volume of securities at the lowest cost and in the shortest amount of time without significantly impacting the prices of those securities (Brennan et al., 2012). As a result, low levels of liquidity are detrimental to the economy as a whole (Naik & Reddy, 2021). Investors and financial experts can trade assets at a reasonable cost in a highly liquid market (Brogaard et al., 2017). Because a stock's increased liquidity increases demand for it and raises its price (Al-Zarir & Al-Daki, 2017). The liquidity is a key indicator of market health, It is consider a crucial for investors in markets where traders are willing to trade stocks with high liquidity because doing so allows them to accomplish their objectives without running the risk of losing money or devaluing the value of the stocks they hold (Altheibeh et al., 2018). The stock's liquidity is one of the most significant elements for decision making (Balasemi et al., 2015).
The ease of purchasing, selling, and converting stock into cash at the lowest cost and best price over a specific period of time is referred to as the stock's liquidity (Abd al-Ghani, 2020). In order to boost shareholder value, provide the most profit with the fewest risks, keep the business viable, and forecast future performance that will be better (Tehrani et al., 2014). The firm's value rises due to increased stock liquidity, and the cost of capital falls due to the company's improved reputation in the financial markets (Sidhu, 2016). It is significant indicator for assessing the company's success (Dinparast & Istany, 2016). The stock turnover rate is one of the metrics used to gauge the market's stock liquidity. It is also a key factor taken into consideration by investors when deciding whether to purchase stocks of a particular company, as it reveals their propensity to do so without considering other factors (Shams et al., 2010). The more of this rate increases, the more it helps the business achieve financial stability and maintain its viability in the marketplace (Issa, 2017). According to Heidarpoor et al (2012), a firm with a high stock turnover rate benefits from a favorable impact on the stock price and increased liquidity, both of which increase investors' interest in investing in that company and speed up stock trading at reduced costs (Kahuthu, 2017). The aim is to improve the quality of companies' disclosure in a timely manner and improve shareholders' ability to distinguish the quality of management in creating value for the company.
Governance mechanisms have an impact on the liquidity of stocks because effective governance reduces information asymmetry between stocks traders (Biswas, 2020). Companies with greater corporate governance are more open to disclosing information because corporate governance serves as a framework for monitoring corporate management (Sivathaasan et al., 2018). Governance mechanisms work to improve information transparency, which imposes more control over the company's management to prevent it from distorting and concealing information and presenting it transparently to internal and external beneficiaries, and disclosure is positively linked to stock liquidity, which means that

governance mechanisms lead to an increase in the stock liquidity of companies with high disclosure, and to improve stock liquidity (Ali et al., 2017).
Good corporate governance enables the management of the company to enhance the timely and accurate disclosure of risk information, which lowers the expected trading costs and reduces inconsistencies in the disclosed information, making the trading of stocks more appealing and increasing liquidity and value creation for shareholders (Berglund, 2020). The better corporate governance puts more pressure on management to publishing accurate and timely information is supported by stock reactions to the information given (Lee et al., 2016). As financial transparency and disclosure of financial statements are two crucial pillars of good corporate governance, corporate governance affects the quantity and quality of disclosure of company information, which affects the level of information asymmetry and, in turn, affects the stock liquidity, and increases the agency cost faced by shareholders (Sidhu, 2016), and decreasing of information asymmetry causes stock liquidity to improve, equity costs to drop, and the usage of debt to decline (Ali et al., 2015), and this making the company's stocks more desirable than those of rival businesses, This has a favorable impact on the company's market share (Dinparast & Istany, 2016).

Hypothesis Development
Referring to the literature review, according to a study (Frino et al., 2013) done on companies listed on the Italian Stock Exchange, the extension of disclosure boosts the liquidity of stocks. In a study on companies listed on the Amman Stock Exchange for the time period (2011-2013), the factors impacting stock liquidity were examined, the study showed that earnings per share and company size are among the most important factors affecting stock liquidity (Alnaif, 2014). The study (Kasim, 2015) on companies listed on the Indonesian Stock Exchange for the years (2011–2013) came to the conclusion that disclosure has no impact on the stock liquidity , due to the fact that investors do not overreact to the information revealed in the financial reports, Additionally, for the companies under consideration, the Indonesian capital market still falls within the category of developing markets.
While the study (Ajina et al., 2015) that was conducted on companies listed on the French Stock Exchange for the period (2004–2007) came to the conclusion that disclosure has a positive impact on the liquidity of the French market because disclosure increases the company's ability to achieve its vision while decreasing the information asymmetry between insiders and uninformed parties, which increases the liquidity of stocks.
The study (Abu Khazana, 2017),which examined a number of Egyptian companies listed on the Egyptian Stock Exchange for the years (2014–2016), came to the conclusion that the sample companies' present risk disclosure practices do not support the revival of the stock market, and the stock's liquidity is positively impacted by each of the control variables (company size, profitability, financial leverage, and stock price). Whereas this result agrees to some extent with the result of the study (Altheibeh et al., 2018), which focused on Jordanian industrial companies listed on the Amman Stock Exchange, concluded that voluntary disclosure (whether financial or non-financial) has no impact on a stock's liquidity, and the study's recommendations, Increasing the amount of disclosure of information in financial reports is necessary in order to, assist investors in making wise judgments by focusing on all revealed information rather than just certain indications. Is expected this study to find an effect on the disclosure of financial risks and stock liquidity, by formulating the following hypothesis

H01: There is no statistically significant impact of the disclosure of financial risks on the stock liquidity of industrial companies listed on the Amman Stock Exchange

Strong shareholder protection laws at the state level and good corporate governance at the corporate level complement one another, according to a study (Chung et al., 2012) that looked at company data from 25 countries for the years 2003 to 2011. This is because common law countries typically have better corporate governance and higher stock market liquidity than countries that use civil law. The governance mechanisms represented in the creation of the board of directors and the ownership structure have a positive impact on increasing the liquidity of the stocks of these companies, this result according to the study (Arazpour & Fadaeinejad, 2014), which was conducted on companies listed on the Tehran Stock Exchange for the period (2005-2009).
While the study (Al-Qahtani et al., 2016) that was conducted on financial companies listed on the Amman Stock Exchange for the years (2009–2013), it showed that the effective governance mechanisms have high stock liquidity, lower liquidity costs, and high transparency in the disclosure of information. The study by Sidhu (2016) on Indian industrial companies for the years 2009 to 2012. , indicated that implementing corporate governance procedures that reduce information asymmetry for investors helps companies increase stock market liquidity. The study (Ali et al., 2017) conducted on (1207) Australian companies from 2001 to 2013, it was discovered that companies with better management have lower trading costs, lower effects on stock prices, higher trading speed, and the existence of a significant positive relationship between the quality of corporate governance and the liquidity of its stocks, which indicates that the companies with better management have significantly improved the liquidity of stocks and that the quality of corporate governance improves liquidity because it is linked to increased information disclosure. From the above, the following hypothesis can be formulated

H02: There is no statistically significant role for the governance in the relationship between financial risk disclosure and stock liquidity of industrial companies listed on the Amman Stock Exchange

Methodology

Study Philosophy

The study used content analysis of the financial reports of industrial companies listed on the Amman Stock Exchange for the period 2015–2019 to measure the degree of financial risk disclosure, measure the governance index, and analyze the financial statements to collect the financial values related to the liquidity of the stock for those companies.

Study Population and Sample

The study population included (42) of industrial companies listed on the Amman Stock Exchange. The Amman Stock Exchange's management suspended trading stocks of several listed industrial companies due to their poor performance indicators, as a result, (35) companies were chosen as a study sample from the companies whose data was fully collected during the period (2015-2019).

Study Variables

Dependent Variable: Stock Liquidity

The stock turnover ratio is one of the indicators by which the stock's liquidity can be measured, and is equal to (Hassan, 2017):

$$\text{Stocks turnover rate} = \frac{\text{Number of stocks traded during a given fiscal year}}{\text{Number of stocks subscribed during that year}}$$

Independent variable: Financial Risk Disclosure

An indicator was designed that contains a set of items intended to be revealed, numbering (24) items, relating to financial risk disclosures, with the number (1) provided for the item disclosed by the company and the number (0) given for the item that was not disclosed. The disclosure ratio is calculated by dividing the total number of revealed risk items by the total number of expected risk items (Allini et al., 2020; Yamani & Hissainey, 2020; Alkurdi et al., 2019; Dey et al., 2018; Lipunga, 2014).

The Moderating Variable: Governance Index

According to the study (Tanjung, 2020), an indication consisting of a set of (15) indicators was used, with the number (1) representing the indicator declared by the firm and the number (0) representing the undisclosed indicator, calculating the disclosure ratio by dividing the entire number of revealed governance indicators by the total number of indicators that were expected to be disclosed.

Data Analysis and Results

Description of the Study Variables

The following are the results of the descriptive statistics for the independent study variables, the dependent variable, and the moderator variable, based on the annual financial statements of the Jordanian industrial public shareholding companies, for the period (2015-2019):

Table (1)

The descriptive statistics for the study variables

Variable	Mean %	Standard Deviations%	Maximum Values %	Minimum value %
Disclosure of credit risks	74.79	21.12	100.00	12.500
Disclosure of liquidity risks	64.86	21.04	100.00	12.500
Disclosure of market risks	65.57	22.99	100.00	12.500
Disclosure of financial risks	68.40	17.71	100.00	16.67
Stock liquidity	18.35	22.05	97.95	0.01
governance index	45.71	9.06	60.00	20.00

In this table when the mean averages of the financial risk disclosure variables are compared, it is clear that disclosure of credit risks is one of the most disclosed types of financial risks in the industrial companies listed on the Amman Stock Exchange, followed by disclosure of market risks and finally disclosure of liquidity risks.

In general, the mean of the public disclosure variable about financial risks in industrial companies listed on the Amman Stock Exchange from 2015 to 2019 was (68.40%), the standard deviation was (17.71%), and the maximum value recorded during the period was

(100.0%), while the value was the minimum (16.67%), indicating a difference between companies in terms of public disclosure of the financial risks to which they are exposed.
The stock liquidity variable in the industrial companies listed on the Amman Stock Exchange during the period (2015-2019) reached a mean average of (18.35%), with a standard deviation of (22.05%). The maximum value recorded during the period was (97.95%), while the minimum value was (0.01%), and the values demonstrate a difference between companies in terms of the frequency of their stocks being traded and replaced during the period.
The disclosure variable of the corporate governance index in the industrial companies listed on the Amman Stock Exchange during the period (2015-2019) reached (45.71%), the standard deviation was (9.06%), and the maximum value recorded during the period was (60.0%), while the minimum value was (20.0%), and the values indicate a difference between companies in terms of disclosure of governance indicators.

Tests the suitability of the data to the study model
Multicollinearity Test
We used the Multicollinearity Test to find the correlation coefficient values between the independnt variables and moderating variables of the study, and the findings were as follows:

Table (2)
Correlation matrix between independent and moderating variables

No	Variables	1	2	3	4
1	**Disclosure of credit risk**	1.000			
2	**Disclosure of liquidity risk**	0.329*	1.000		
3	**Disclosure of market risk**	0.554*	0.560*	1.000	
4	**Governance Index**	-0.026	0.178*	0.039	1.000

(*) At the significance level of 0.05

Table No. (2) shows that the correlation coefficient with the highest value was between the two variables (disclosure of liquidity risk) and (disclosure of market risk), which amounted to (0.560), a value that does not indicate the existence of the phenomenon of multiple linear correlations between the independent variables, as they were less than (0.80±), and thus the sample is free of the problem of multiple high linear correlations (Guajarati, 2004).
To confirm the preceding finding, the Variance Inflation Factor (VIF) values for each variable were computed, and the results were as follows:

Table (3)
Results of the (VIF) between independent and moderating variables in industrial companies

Variables	Variance Inflation Factor (VIF)
Disclosure of credit risk	**1.448**
Disclosure of liquidity risk	**1.610**
Disclosure of market risk	**2.001**
Governance Index	**1.043**

Table (3) demonstrates that all VIF values were larger than 1 and fewer than 10, indicating that there is no issue with multiple linear correlations between the research variables (Gujarati, 2004).

Data stability test for study variables (STATIONARY TEST)

The research variables were tested to see whether they were stable, and the Augmented Dickey-Fuller test (ADF) was used to see if they had a unit root. Many time series may be non-static but have high values of (R^2,F,t), resulting in incorrect interpretation and misleading findings; hence, a unit root test should be performed to determine how stationary time series are (Greene, 2003).

If the significance level of the computed test value is larger than 0.05, the Augmented Dickey-Fuller test (ADF) is in the presence of a unit root (that is, the instability of the time series), and the findings were distributed throughout the research sample data as follows:

Table (3)

Unit root test results for all study variables

Variables	Calculated value at level	Probability P-Value	Result
Stock Liquidity	**-7.409**	**0.000**	**Stay at the level**
Disclosure of credit risk	**-4.854**	**0.000**	**Stay at the level**
Disclosure of liquidity risk	**-3.263**	**0.018**	**Stay at the level**
Disclosure of market risk	**-4.853**	**0.000**	**Stay at the level**
Governance Index	**-4.435**	**0.000**	**Stay at the level**

Table No. (3) Indicates the results of testing the stability of data related to the study variables, using the Augmented Dickey-Fuller test (ADF). From it is clear that all the time series data used in the study are stable over time, as all the probabilistic values (P-value) of the variables appeared with values less than 0.05, and therefore we reject the hypothesis of the existence of a unit root and that the time series are stable.

Hypothesis Testing

H01: There is no statistically significant impact of the disclosure of financial risks on the stock liquidity of industrial companies listed on the Amman Stock Exchange.

Table (4): Model summary and ANOVA

Dependent Variable	Model Summary			Analysis of Variance ANOVA	
	Coefficient of Determination R^2	Adjusted R^2	Standard error	Value F	Sig (F)
Stock Liquidity	653.0	0.560	14.631	6.978	0.000

Table No. (4) shows the model's significance, where the value of (F = 6.978) and the level of significance (SigF = 0.000) are less than 0.05, confirming the model's morality, and the value of the coefficient of determination (R^2 = 0.653) indicated that its ratio (65.3%) of the variance in (stock liquidity) can be explained by the variance in the independent variables, with all other variables held constant. The results of the regression coefficients table are presented below:

Table (5)
Regression coefficients for the first main hypothesis

Regression Coefficients				
Independent Variables	**B**	**Standard Error**	**Value (t)**	**Sig (t)**
Disclosure of credit risk	0.160	.0132	1.215	0.226
Disclosure of liquidity risk	-0.108	.0130	-0.828	0.409
Disclosure of market risk	-0.157	.0165	-0.950	0.344

Table No. (5) Indicate that the regression coefficient of the value of B at (disclosure of credit risk) reached (0.160) and that the value of t is (1.215), with a significance level (Sig = 0.226), which indicates that the effect of this dimension is not moral. As for the value of B at (disclosure of liquidity risk), it reached (-0.108) and the value of t is (-0.828), with a level of significance (Sig = 0.409), which indicates that the effect of this dimension is not significant. While the value of B at (disclosure of market risks) is (-0.157) and the value of t is (-0.950), with a significance level (Sig = 0.344), which indicates that the effect of this dimension is not significant. Based on the above, the first main hypothesis is accepted, which states that:

There is no statistically significant impact of the disclosure of financial risks on the stock liquidity of industrial companies listed on the Amman Stock Exchange.

H02: There is no statistically significant role for the governance in the relationship between financial risk disclosure and stock liquidity of industrial companies listed on the Amman Stock Exchange.

Table (6)
Model Summary and analysis of variance ANOVA

Dependent Variable	**Model Summary**			**Analysis of Variance ANOVA**	
	Coefficient of Determination R^2	**Adjusted R^2**	**Standard error of the model**	**Value F**	**Sig (F)**
Stock Liquidity	0.085	0.023	14.182	1.368	0.193

Table No.(6) illustrates the model's insignificance. The value of (F = 1.368) and the level of significance (SigF = 0.193), which is greater than 0.05, and confirms the insignificance of the model. The value of the coefficient of determination (R^2 = 0.085) showed that, when all other factors are held constant, 8.5% of the variance in (equity liquidity) can be explained by the variance in the independent variables, with any other factors remaining constant. The results of the regression coefficients table are presented below:

Table (7)
Regression coefficients for the second main hypothesis

Regression coefficients				
independent variables	**(B)**	**Standard Error**	**Value (t)**	**Sig (t)**
Disclosure of credit risk	1.319	0.521	0.688	
Disclosure of liquidity risk	0.023	0.541	0.012	
Disclosure of market risk	-1.374	0.812	-1.116	
Governance Index	-0.561	0.692	-0.388	
Disclosure of credit risk * Governance Index	-1.059	0.011	-0.012	
Liquidity Risk Disclosure* Governance Index	-0.080	0.012	-0.001	
Disclosure of Market Risks* Governance Index	1.285	0.017	0.022	

Table No. (7) Indicate that the regression coefficient of the value of B at (disclosure of credit risk * governance index) reached (-0.012) and the value of t is (-1.059), with a level of significance (Sig = 0.291), which indicates that the effect of this dimension is not significant. With regard to B at (Disclosure of Liquidity Risk * Governance Index), it attained a value of (-0.001), and the value of t is (-0.080), with a level of significance (Sig = 0.936), indicating that the impact of this dimension is not statistically significant. While the value of B at (disclosure of market risks * governance index) was (0.022), and the value of t is (1.285), with a level of significance (Sig = 0.201), this dimension's effect is not significant.
Based on the above, the second main hypothesis is accepted, which states that:

There is no statistically significant role for the governance in the relationship between financial risk disclosure and stock liquidity of industrial companies listed on the Amman Stock Exchange

Conclusions and Recommendations

Conclusions

The study showed the following conclusions based on the findings of data analysis and hypothesis testing:

1. There is a discrepancy in the disclosure of the financial risks to which industrial companies are listed on the Amman Stock Exchange throughout the period (2015-2019), as it was discovered that there is a variation in the disclosure of credit risks, liquidity risks, and market risks.
2. During the period (2015-2019), one of the most often declared categories of financial risks in industrial businesses listed on the Amman Stock Exchange was credit risk disclosure, followed by market risk disclosure, and lastly liquidity risk disclosure.
3. There are differences among the industrial companies that were listed on the Amman Stock Exchange during the period (2015-2019) in terms of the volume of exchanges that took place between the time the study was conducted and the number of times that stock were replaced, as well as the ease with which stock could be sold on the stock market.
4. In terms of publishing governance metrics, there are differences among the industrial companies listed on the Amman Stock Exchange between 2015 and 2019.
5. As the moral effect did not show up in all dimensions, the findings of the first major hypothesis test indicated that there was no statistically significant effect of financial risk disclosure on the stock liquidity of industrial companies listed on the Amman Stock Exchange. This conclusion agreed with that of the studies by Kasim (2015); Altheibeh et al

(2018); Abu Khazana (2017), but it did not coincide with that of the studies by Frino et al., 2013; Ajina, 2015).

6. As the moral effect did not manifest in all dimensions, the results of the second main hypothesis test indicated that the governance indicator did not play a statistically significant role in enhancing the impact of financial risk disclosure on the stock liquidity of industrial companies listed on the Amman Stock Exchange. This finding was different from those of the studies by (Chung et al., 2012; Arazpour & Fadaeinejad, 2014; Sidhu, 2016; Ali et al., 2017).

Recommendations

Based on the Conclusions, the study recommends the following:

1. The need that the responsible authorities to educate the management of industrial companies listed on the Amman Stock Exchange about the significance of disclosing any financial risks to which they may be exposed and the disclosure of appropriate policies for managing financial risks, as this has a significant impact on the performance of the company as a whole.
2. The necessity for the relevant authorities to oversee the management of industrial firms that are listed on the Amman Stock Exchange, to create suitable plans for assessing the firm's requirement for adequate liquidity, and to persistently look for sources of revenue that are more diverse.
3. Activating the role of the concerned authorities and organizations in the financial market in raising the awareness of industrial companies listed on the Amman Stock Exchange towards increasing the level of commitment to the application of corporate governance indicators and clauses, and educating their management about the importance of disclosing governance indicators and clauses through holding seminars and conferences and distributing scientific publications that include realistic evidence, for what It has a role in building a positive image of the company and improving its reputation, which enhances its ability to achieve its goals of survival, growth and continuity.
4. Conducting additional research on different industries to allow for comparisons between them and the examination of additional variables in addition to those included in the current study.

The Study Contribution

This study has contributed to offers a theoretical framework for important topic,which is the topic of governance index and it is role in enhancing the impact of financial risk disclosure on stock liquidity for industrial companies listed on the Amman Stock Exchange, and this study its very important for stock traders, because of the governance mechanisms have an impact on the liquidity of stocks because effective governance reduces information asymmetry between stocks traders, so that the high disclosure lead to an increase in the stock liquidity, and therefore the firm's value rises due to increased stock liquidity, and the cost of capital falls, this will lead to improve company's reputation in the financial markets.

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