



Gender Attributes of Audit Committee Members and the Quality of Financial Reports

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Abstract This study aimed at examining the influence of gender attributes of audit committee members on the quality of financial reports in the Jordanian commercial banks. Particularly, the focus is on whether the quality of financial reports is influenced by the existence of female as a member and as a chairperson of audit committee. The quality of financial reports is measured using 9 indicators of voluntary disclosure extracted from the annual reports. Data is collected from 13 commercial banks listed on the Amman Stock Exchange during the period (2013-2017) and analyzed using the statistical program STATA. Multiple regression is employed to test the hypotheses and elicit the results. The results of the study indicate that the quality of financial reports is positively influenced by the existence of female as a member of audit committee. Moreover, there is a negative relationship between the presences of female as a chairperson of audit committee and the quality of financial reports. This study contributes to the extant literature on the interaction between gender attributes and financial reports quality by providing empirical evidence from commercial banks in Jordan.

Keywords Gender Attributes, Audit Committee, Financial Reports quality.

Received: 30 Aug 2019 © The Authors 2019

Revised: 12 Sept 2019 Published by Human Resource Management Academic Research Society (www.hrmars.com)

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Published Online: 24 Sept 2019

1. Introduction

The quality of financial reports considers one of the most important aspects to the interested parties. It plays a vital role in determining the nature and quality of decisions that investors and creditors make, which may result in enhancing the overall market efficiency (Al dmour *et al.*, 2018). This is the main purpose of providing financial information according to the IASB conceptual framework that based on decision usefulness. But the trust of interested parties in financial reports, especially investors, has become inexact, and this happened after the financial crises that led to the collapse and bankruptcy of many major international companies, which result in damaging of wealth of the stakeholders. The reason for the declining of the trust in finical reports is referred to the criticisms that appointed to the financial accounting reporting system, after many studies revealed that these financial crises are due to cases of corruption, especially financial and accounting corruption, and the inability of the control systems and auditors to detect corruption in those financial reports (Sami, 2009).

Consequently, the quality of financial reports has become the most important and hot topic in the profession of accounting and its contemporary issues. This is evidenced by the objectives of accounting and auditing research, which focused on the accounting systems in general, the quality of financial reports and the limitations of those reports in particular Gynor *et al.*, 2016 (Fakhri and pitenei, 2017). In addition, the emergence of large companies which build up upon the separation of management from owners and the resulting conflict of interests (Fakhri and pitenei, 2017), moreover, the various problems in both in accounting and economy fields which emerged because of the emergence of the Agency Theory (Panada

and Leepsa, 2017), added to that, the spread of financial and accounting corruption that led to the collapse of many international companies such as Enron and WorldCom in the United States of America, Transmail in Malaysia and other international companies. All of aforementioned issues have shaped the doubtful states in the quality of financial reports, and contributed in the emergence of many ideas and theories that tried to link the quality of financial reports with different variables and factors in order to enhance the level of confidence in those reports, including corporate governance (Nelson and Jamil, 2011), which led to the focus of discussion and interest in achieving this quality in financial reports through the mechanisms of corporate governance (Al-Shaer *et al.*, 2015).

As a result of and as concerns over financial reports increased, the indicator of interest in Corporate Governance mechanism began to rise. In 2002, the United States issued the Sarbanes-Oxley Act, which focused on the financial aspects of corporate governance (Chalaki *et al.*, 2012) that shed light on the need to establish corporate audit committees to oversee the financial reporting process and ensure compliance with accounting and auditing standards (Mohamed and Dahdouh, 2013). Consequently the concept of governance has become the mechanism adopted by stakeholders in monitoring the performance of management in protecting their interests (Ariefiara and Utama, 2018), as it helps in reducing the abuse of authority by management and control the risk management effectively (Chi.Friday, 2016).

Audit Committee is one of the key governance mechanisms that play important roles in supervising and controlling management practices, improving the quality of financial reporting, and minimizing profit manipulation and audit risks to protect the investments of the owners (Alqatamin, 2018; Abernathy *et al.*, 2015; Kallamu and Saat, 2015; Hamdan *et al.*, 2013). In addition to maintaining user confidence, credibility and objectivity of financial reporting by enhancing the level of disclosure and transparency of reported information (Bedard and Gendron, 2010). The effectiveness of the Audit Committee in performing its duties depends substantively on its characteristics (Li *et al.*, 2012), the more the Audit Committee has good characteristics, the better the company will perform and the greater confidence in its financial reports will occur (Zabri *et al.*, 2016). This is confirmed by many studies that found a positive relationship between the characteristics of the Audit Committee (i.e. independence, experience, the number of meetings, and the size of the Audit Committee) and the quality of financial reports (Allegrini and Greco, 2011; Johl *et al.*, 2013). However, few studies have examined the impact of the personal characteristics of Audit Committee members on the quality of financial reports (e.g. gender and age) (Qi and Xian, 2013). Accordingly, this study will focus on the diversity of the personal characteristics of the audit committee members and its contribution in increasing the quality of the financial reports of the Jordanian industrial corporations listed on Amman Stock Exchange, this in the light of the multiplicity of views on the impact of each of the characteristics of the Audit Committee on the quality of financial reports.

One of the perspectives that related to corporate governance called for female to be members in boards of directors of companies, which in their point of view will contribute to the long-term value of shareholders by improving corporate performance, transparency and accountability (Kibiya *et al.*, 2016). Also, they indicated that the existence of the female in the board of director will contribute to the quality of financial reports (Hemingway, 2007; Pucheta-Martinez *et al.*, 2007). In contrast, as some other studies found no relationship between gender diversity and the quality of financial reports (Sultana *et al.*, 2014).

This study attempt to examine the influence of personal characteristics diversity of the members of Audit Committee on the quality of the financial reports of Jordanian industrial companies listed on the ASE. In this study, the quality of financial reports will be measured through the level of voluntary disclosure in the financial reports, as voluntary disclosure is one of the important factors that contribute to reducing misleading information and thus increase the quality of financial reports (Al-Halimi, 2018; Mohamed and Dahdouh, 2014; Rasha Hamada, 2014; Francis and Wang, 2008).

2. Literature Review and Hypothesis Development

.2.1 Quality of Financial Reports

The importance and usefulness of financial reporting to stakeholders are growing especially to investors. The question arises as to whether trust and confidence in financial reports have declined (Davern *et al.*, 2018), as the events, problems and scandals that led to the bankruptcy of many of the world's largest companies (as a result of misleading, unreliable and failed financial reporting) were a major cause of loss of

confidence in financial reports (Qiong and Jianjun, 2010). The accounting bodies, especially the International Accounting Standards Board (IASB), are working strictly to increase the quality of financial reports and make them better. This is illustrated by the multiple versions of standards that aimed at enhancing the quality of financial reports. Despite these efforts, it has been found that accounting standards have no role in increasing the quality of financial reporting (Beest *et al.*, 2009). But studies are still looking at the quality of financial reports and their importance, and determine the indicators on which to rely on in the process of measuring that quality to get the quality of financial reports to the best level.

There were various concepts that used to explain the quality of financial reports, as defined by the FAF as clarity, transparency and timely availability of information. Likewise, AICPA explained that the quality of financial reporting is the ability to use information in the field of forecasting and the appropriateness of information for the objective. In the Hamada (2014) study, she described that the quality of financial reports is mainly related to the extent to which information disclosed can make a difference in decisions of financial reporting users. Based on the foregoing, the researcher believes that the information that should be provided is not necessarily financial only. In addition to the financial reports, the non-financial information must also be provided as illustrated in Hamada study (2014) and that are:

1. General information about the Company, whether historical, political or economic.
2. Information on the activity and expected future status of the company and its marketing and social strategies.
3. Information on the shares and their holders, and their market value, and the number of shareholders
4. Information about the management and committees operating as the Audit Committee and the diversity of the personal characteristics of the members of the management and committees such as age and gender, and the identification of executive and non-executive members.
5. Information on research and development costs.
6. Information about the employees of the company and their qualifications, nationality and gender diversity.
7. Environmental and social information and the extent to which the company's contribute to the safety of the company's workers and the environment and its contribution through grants and donations.
8. Information on governance, governance committee, members, ages and qualifications.
9. Information on financial and non-financial ratios.

The importance of financial reporting derives from the fact that it is the basis upon which stakeholders, specifically investors, depend on in making appropriate decisions (Chan *et al.*, 2015; Al dmour *et al.*, 2018). The higher the quality of these reports, the greater the interest and more wise decisions. The IASB explained in the first accounting standard that the primary purpose of the financial reports is to provide information to assist investors, creditors, and users who are likely to make appropriate decisions (Gilaninia *et al.*, 2013).

2.2 Measuring the Quality of Financial Reports

How to accurately measure the quality of financial reports? There is no specific answer (Sunder, 2016). The most common problems found in previous studies are how to measure that quality. This is because there are countless variables, factors and elements that can be included in the quality assessment (Dechow and Dechiv, 2002; Boston, 2004).

Accordingly, the previous studies have attempted to identify the most important factors and indicators that could increase the quality of financial reports, and examine the relationship between these factors and indicators and their influence on the quality of financial reports. The IASB states that the quality of financial reports is achieved through the existence of the qualitative characteristics of financial information, that contribute in making financial reports more useful; these qualitative characteristics include for example: relevance, faithful representation, comparability, verifiability, understandability and timeliness.

Some studies have also tested the impact of IFRS and GAAP on the quality of financial reports. The results have varied between a positive and negative relationship on the quality of financial reports (Nijam and Jahfer, 2016; Pope and McLeay, 2011; Morais and Curto, 2009; Suadiye, 2017). The study of Bolo and

Hassani (2007) tried to link and analyze the relationship between the quality of financial reports and the financial performance of companies, where the study and other previous studies have found a positive impact of the financial performance of the company on the quality of financial reports. Several indicators have been used to measure financial performance, such as ROA, ROI, ROE, and EPS (Alqatamin, 2018; Gani *et al.*, 2017; Bathimeg, 2017). Moreover, several studies have been conducted to determine the impact of some variables reports (such as fraud, corporate governance, internal control and internal auditing) on the quality of financial (Martinez, 2014; Biddle *et al.*, 2009; Al-Shetwi *et al.*, 2011; Rahmatika, 2014; Dechow *et al.*, 2010). Previous research were focusing on the impact of the relationship between profit management and quality of financial reporting and the use of a statistical method in examining the level of impact of profit management on financial reports (Shuli, 2011; Mas *et al.*, 2018; Tariverdi *et al.*, 2012; Ball and Shivakumar, 2008; Dechow and Dichev, 2002).

2.3 Quality of financial reporting and voluntary disclosure

It is known that managers have more information about the company than users. Do managers disclose all of this information in financial reports and provide it to users or they just manage reports for contractual and political interests of the companies (Oluwagbemiga, 2014). Hence, there is a need for disclosure, especially the voluntary disclosure, which provides financial and non-financial information to stakeholders, particularly investors, to make the best decision in directing their investments by relying on financial reports with information about the company, stocks, strategies, management, committees, governance, employees, activities and environmental contributions. As well as expected future status and financial and non-financial ratios (Hamada, 2014). Voluntary disclosure is one of the cornerstones of corporate governance which aims to provide a clear vision for stakeholders about business sustainability and reducing information inconsistencies, especially in the context of conflicts of interest between managers and investors (Ashuki *et al.*, 2016; Kanakriah, 2016). Disclosure is also an important factor in enhancing the quality of financial reporting (Enofe *et al.*, 2013).

It is difficult to find a specific definition of the quality of financial reports. Therefore, the researcher believes that one of the best standards that can be relied upon as an indicator of the quality of financial reports is those that are not prepared according to the interests of one party at another expense and this is the purpose of financial reporting in accordance with the International Accounting Standards Board. The researcher considers that voluntary disclosure is one of the best indicators that contribute to enhancing the quality of financial reports. Many previous studies have concluded that voluntary disclosure limits and reduces the conflicts of interest between shareholders and creditors on the one hand and management on the other hand (Oluwagbemiga, 2014). Disclosure is the best input for decision-making and forecasting, and high quality disclosure contributes to increased coordination between stakeholders, increases the quality of investment decisions taken by investors, and enhances the efficiency of the capital market (Chen, 2016; Kanakriyah, 2016; Ul-sehar, 2013).

Based on the above, this study will examine the impact of gender diversity in the Audit Committee on the quality of financial reports. This will be through the presence of a female member of the Audit Committee, her existence as Chair of the Audit Committee, and the presence of a female with a financial qualification as a member of the Committee. This will be in this study at the level of voluntary disclosure in financial reports as an indicator of the quality of financial reports, especially those related to the following:

1. The activity and future status of the company.
2. Financial and non-financial ratios.
3. Information about the governance and governance committee.

2.4. The Audit Committee

The Audit Committee and its impact on financial reporting have become very important for organizations, accountants and researchers. Efforts have been made to define the functions, responsibilities and characteristics of the Audit Committee, this done by issuing instructions and standards to help them restore the credibility of financial reports (Hamdan *et al.*, 2013). This has increased following many financial failures of many companies around the world (Abu Zraiq and Fadzil, 2018). In this regard, the Audit Committee believes in its role in reducing data misstatement (Al Daoud *et al.*, 2015).

The Audit Committee is a board of directors committee defined by Sarbanes-Oxley Act (SOX 2002) as a committee established by the Board of Directors for the purpose of overseeing accounting, financial reporting, and auditing of financial statements. The objective is to enhance and improve the quality and accountability of financial reports (Oliver, 2017; Kusnadi *et al.*, 2016). Its responsibilities and functions are to oversee the preparation of financial reports in accordance with the adopted standards, the relationship between the companies and the external auditor, ethics and compliance, risk management processes, increase the quality of financial reporting, and the accountability of board members (Abu Zraiq and Fadzil, 2018). In order for the Audit Committee to carry out its responsibilities, it must be distinguished by many characteristics. Most of the previous studies have pointed out the importance and characteristics of the Audit Committee, namely, independence, financial expertise, meetings, and size (Allegrini and Greco, 2011; Bedard and Gendron, 2010; Li *et al.*, 2012; Persons, 2009; Chariri and Januarti, 2017; Umobong and Ibanichuka, 2017).

The study of Madi *et al.* (2014) examined the impact of Audit Committee characteristics (independence, size, number of meeting times, and financial expertise) on voluntary disclosure in Malaysian companies. The study concluded that independence and the size of Audit Committee have a positive influence on the level of voluntary disclosure. It also found that the level of voluntary disclosure is not impacted by the number of meeting times and financial expertise. Studies have also examined the impact of the presence of the Audit Committee and studied many of its characteristics in increasing the quality of financial reports. These studies have reached the conclusion that the presence of an audit committee contributes to increasing the quality of financial reports (Pomeroy and Thornton, 2008; Erena and Tehulu 2012; Chi and Friday, 2016; Al shaer *et al.*, 2015; Beasley *et al.*, 2009; Abbott *et al.*, 2004; Johl *et al.*, 2013).

Despite the large number of previous studies that examined the characteristics of the audit, they were few in relation to some characteristics, including gender diversity in the members of the Audit Committee. Therefore, this study will examine and study the gender diversity characteristic of the Audit Committee members and its impact on the quality of financial reports by measuring its relationship to some of the components of voluntary disclosure in financial reports (activity and future status, governance, governance committee, and financial and non-financial ratios analysis).

.2.4.1 Gender diversity in the Audit Committee

Previous studies indicated that the gender diversity of the Audit Committee and the presence of a female member of the Committee have an impact on the different types of decisions made by companies (Al-Hamed *et al.*, 2017). Women have features that make them more prudent in financial issues and they are risk avoidant in nature (Watson and Robinson, 2003). It is also more likely to be neutral in judgments and behaviors (Nelson, 2012). This particular difference in cognitive function, conservation and decision-making may have significant implications for the quality of financial reporting (Peni and Vahamaa, 2010).

Some studies have examined the impact of gender diversity in the Audit Committee on the quality of financial reports. These studies found that there is a positive relationship between female presence and quality of financial reports (Pucheta-Martinez *et al.*, 2007; kamarudin and Ismail, 2014). Other studies have also examined the relationship between female presence in the board of directors or in the audit committee and the auditor's report. Researchers concluded that there was a positive relationship between gender diversity and the quality of the auditor's report (Velte, 2018; Aldamen *et al.*, 2016; Ittonen *et al.*, 2010). Moreover, Thiruvadi and Huang (2011) examined the presence of a female as a chairperson of the Audit Committee and its impact on earnings management. The study found that the existence of the female as a chairperson of the audit committee would constrain earnings management practices. Lastly, the study of Sultana *et al.* (2014) investigated the relationship between the characteristics of the Audit Committee and the quality of the financial reports, and found that gender diversity had no impact on the quality of financial reports.

2.5. The Study Hypotheses

H1: The presence of female as a member of audit committee is positively influencing the quality of financial reports.

H2: The presence of female as a chairperson of audit committee is positively influencing the quality of financial reports.

H3: Having a female member of audit committee possessing a financial qualification is positively influencing the quality of financial reports.

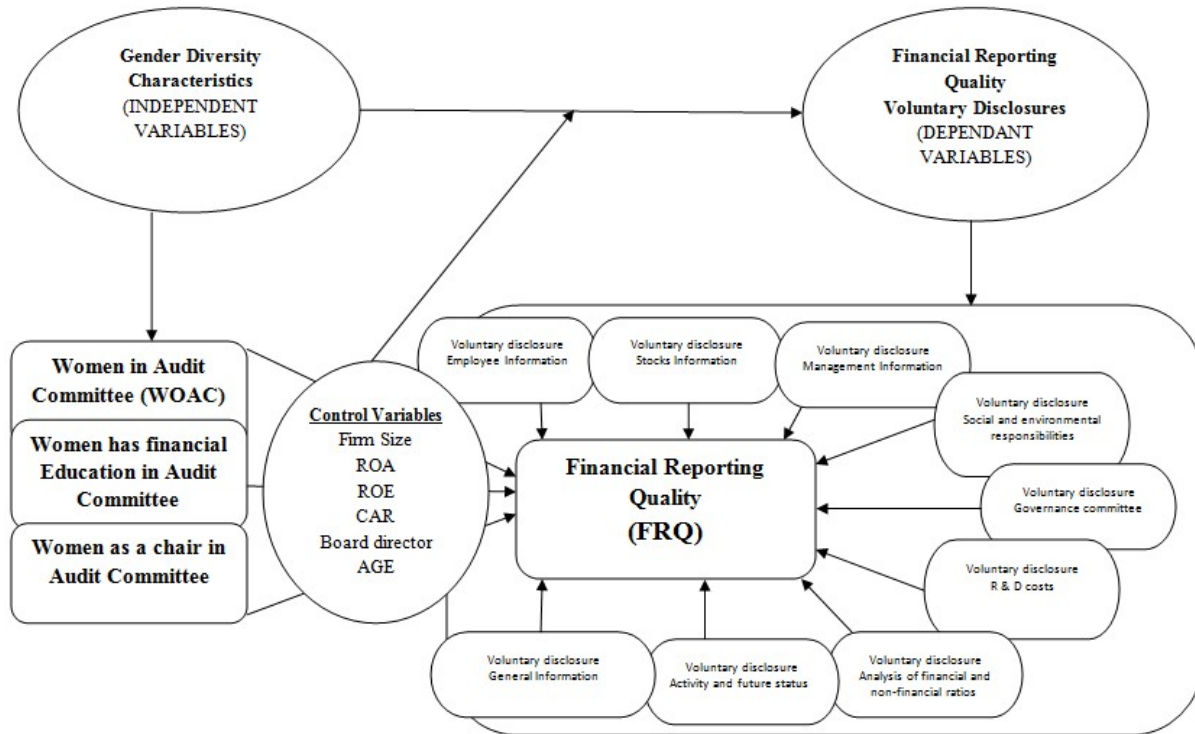


Figure 1. Research Model

3. Methodology of Research

3.1. Sample selection and Data Sources

The study sample includes all Jordanian commercial banks listed on the Amman Stock Exchange during the period (2013-2017), these banks met all the requirements in the Corporate Governance instructions that issued by Amman Stock Exchange for the year 2017. The number of Jordanian banks listed at the Amman Stock Exchange was 15, while the sample included 13 commercial banks and 2 non-commercial banks were excluded. The study sample includes the commercial banks that met the following requirements: (1) maintaining the listing status at Amman Stock Exchange, (2) complying with the corporate governance code in accordance with the instructions issued by the Amman Stock Exchange, (3) the existence of audit committee. The final sample for the period (2013-2017) consists of 65 observations. Data were collected from the annual reports of the banks manually. Hence, all the annual reports and their disclosures of the listed banks are available on the Amman Stock Exchange website. The distribution of the sample of Jordanian banks listed on the Amman Stock Exchange and the final sample represented by commercial banks as shown in Table 1.

3.2. Measurement of Variables

3.2.1. Dependent Variables (FRQ)

The study aims at measuring the quality of financial reports (dependent variable) in Jordanian commercial banks listed in the Amman Stock Exchange during the period (2013-2017). The quality of the financial reports is represented in this study through the voluntary disclosure levels in the annual financial

reports (65) items for voluntary disclosure, including the components of voluntary disclosure (9), as in Table 2.

Table 1. Sample Selection/Final sample

Description	2013	2014	2015	2016	2017	Total
Initial sample	15	15	15	15	15	75
Commercial banks	13	13	13	13	13	65
Non-Commercial banks	2	2	2	2	2	10
Final sample	13	13	13	13	13	65
Bank	2013	2014	2015	2016	2017	Total
Arab Bank	1	1	1	1	1	5
Jordan Ahli Bank	1	1	1	1	1	5
Housing Bank	1	1	1	1	1	5
Bank of Jordan	1	1	1	1	1	5
Cairo Amman Bank	1	1	1	1	1	5
Societe Generale Bank Jordan	1	1	1	1	1	5
Capital Bank of Jordan	1	1	1	1	1	5
Invest Bank	1	1	1	1	1	5
Bank al Etihad	1	1	1	1	1	5
Arab Jordan Investment Bank	1	1	1	1	1	5
ABC Bank	1	1	1	1	1	5
Jordan Commercial Bank	1	1	1	1	1	5
Jordan Kuwait Bank	1	1	1	1	1	5
Total (Final sample)	13	13	13	13	13	65

Table 2. Components of Voluntary Disclosures

	Disclosure Information	Number of Items
1	General information about the company	12
2	The Company's activity and future status	9
3	Social and environmental responsibility	6
4	Results of financial and non-financial ratios analysis	9
5	Stock Information	5
6	Management Information	4
7	Information on the Governance Committee	5
8	Information on research and development costs	5
9	Information about the employees	11
	Total	66

1 = If the item is disclosed in the financial statements, 0 = the item is not disclosed.

Financial Reporting Quality (FRQ) = Voluntary Disclosure (VD)

3.2.2. Independent Variables (Gender Characteristics in Audit Committee)

Data on gender diversity were collected from the annual reports of each Bank. The annual report for all banks is available for the period 2013-2017. The annual report contains an overview of the Audit Committee, information about the Chairman of the Committee, the name, gender, date of appointment and qualification of each member of the Audit Committee. The Gender Diversification Scale was used in the Audit Committee as follows:

Table 3. Measurements of Independent Variables

Variable	Measurement
GENNO	Percentage of Female members on Audit Committee
GENCH	1= if Women as a chair of AC 0 = otherwise
UGENED	Percentage of Female has Financial education on Audit Committee

3.2.3. Control Variables

The study used control variables (Firm Size, ROA, ROE, CAR, AGE, and Board Director). FIRM SIZE was measured by the logarithm of the total assets of the enterprise at the end of each period, and BOARD DIRECTOR SIZE was measured by calculating the number of directors in each year. The AGE variable has been calculated since the establishment of the bank until the end of each period. The ROA, ROE and CAR rates that are included in the bank's annual financial statements at the end of each financial period were used.

3.2.4. Summary of Variables of the study

Table 4. Study variables and its explanation

Study variables	Explanation
dependent Variables	
FRQ (VOLUNTARY DISCLOSURE)	Degree of Financial Reporting Quality measured by Voluntary Disclosures in the annual financial reporting (INDEX)
Independent variables	
GENNO	Percentage of Female members on Audit Committee
GENCH	1= if Women as a chair of AC 0 = otherwise
GENED	Percentage of Female has Financial education on Audit Committee
Control Variables	
SIZE	Natural Logarithm of Total Assets
ROA	Net Income/Total Assets
ROE	Net Income/Total Equity
BOARD SIZE	Number of Board director
CAR	Capital/Risk
AGE	Age of Firm

3.2.5. Research Model

The basic methodology of this study is to develop a multiple regression model for the variables to test the hypotheses. The relationship between the independent variables represented by the presence of a female in the Audit Committee, the presence of a female as chairperson of the Audit Committee, On the dependent variable (quality of financial reports), which is the level of voluntary disclosure in the annual reports of commercial banks listed on the ASE using the statistical program (STATA), and the following regression model is used:

$$FRQ (VD) = \alpha + \beta_1 GENNO_{it} + \beta_2 GENCH_{it} + \beta_3 GENED_{it} + \beta_4 FSIZE_{it} + \beta_5 ROA_{it} + \beta_6 ROE_{it} + \beta_7 CAR_{it} + \beta_8 BSIZE_{it} + \beta_9 AGE_{it} + e \quad (1)$$

4. Results and Discussions

4.1. Descriptive Analysis

Table 5 shows the average quality of the financial reports of the voluntary disclosure (dependent variable) for all indicators for the period under review (2013-2017) for Jordanian commercial banks at a rate of (0.7753173), ranging between the lowest value (0.7459596) and the highest value (0.800954). For the independent variables, the table showed that the average female presence in the audit committee is (female number = 0.1137538). The value varies from 0 to 0.5. The average female head of the audit committee was 0.0769231, and varies from 0 to 1. The average female presence with financial education is 0.0503692, ranging from 0 to 0.33. The table shows the average control variables ROA, 0.01566831, ROE (0.09255323), CARA (0.1721385), Board Size (11.69231), Company AGE (40), Company Size (9.372).

4.2. Correlation Analysis

Table 6 presents the correlation matrix for all independent variables. It has been used in many previous studies to illustrate whether there is overlap and interdependence between independent

variables (Kallamu and Saat, 2015; Alqatamin *et al.*, 2017). It is clear that there is no problem with the dimensions of the study. The correlation values for all the variables were less than 0.6716, the highest correlation is between age of company and firm size. A problem with regression analysis arises if the correlation rate reaches 80% (Murtagh and Heck, 2012). The table also shows a 49% correlation between female education with female number as well as 45% among female education with female chair. Thus, the table does not show a linear relationship between independent variables, so there will be no problem in the regression analysis of the variables of this study.

Table 5. Descriptive Analysis dependent and independent variables

Variable	Obs	Mean	Std. Dev	Min	Max
dependent Variables					
FRQ (Voluntary Disclosure)	65	0.7753173	0.0175993	0.7459596	0.800954
Independent Variables					
Female Number on AC	65	0.1137538	0.1563491	0	0.50
Female as a Chair on AC	65	0.0769231	0.2685431	0	1
Female has Financial Education on AC	65	0.0503692	0.1003952	0	0.33
Control Variables					
ROA	65	0.0156831	0.0169304	0.0005	0.125
ROE	65	0.0925323	0.0354026	0.003	0.170
CRAR	65	0.1721385	0.0402181	0.119	0.341
Board Size	65	11.69231	1.560479	7	15
Company Age	65	40	19.72467	6	86
Company Size (log 10)	65	9.372	0.5702	8	10.6

Table 6. Correlation Analysis for Independent Variables

	Female Number	Female as a chair	Female edu	Firm size total assets	ROA	ROE	CRAR	Board size	Age of company
Female number	1.0000								
Female chair	0.1731	1.0000							
Female edu	0.4978	0.4533	1.0000						
Firm size total assets	-0.2256	-0.0701	-0.1439	1.0000					
ROA	-0.0791	-0.0667	-0.0603	-0.1049	1.0000				
ROE	0.0083	0.0515	0.2281	-0.1345	0.0661	1.0000			
CRAR	-0.1936	-0.1978	-0.1809	-0.2829	0.4347	0.0975	1.0000		
Board size	0.1960	-0.1291	0.0382	0.0960	0.1003	0.0216	-0.0001	1.0000	
Age of company	-0.0004	-0.0442	0.1051	0.6716	-0.0291	-0.0331	-0.0849	0.2797	1.0000

4.3. Regression Analysis

To achieve the study's aim and investigate the relationship between female characteristics on audit committee and FRQ, The panel regression effect method was used, with results presented in Table 7. The R² value is (45.8) percent, which means that the independent variables demonstrate (45.8) percent of the variation in the dependent variable. The P-value is highly significant at the level 0.00, meaning that the model is highly significant and thus has a good explanatory power of disclosure.

The analysis of results shows a significant and positive relationship between the number of female on audit committee and voluntary disclosure that used as a proxy of FRQ at level the (P< 0.005), the hypotheses H1 is supported. This finding consistent with previous studies that found significant and positive relationship between number of female on audit committee and FRQ such as (Pucheta-Martinez *et al.*, 2016; kamarudin and Ismail, 2014). Suggesting the number of female on audit committee increase the company's FRQ. With respect of female as a chair on audit committee and FRQ the result report in table 7 show a significant and negative relationship at level (p< 0.005), the hypotheses H2 is reject. This finding consistent with previous studies that found no relationship between female as a chair and make difference in quality of financial reporting, by using many measures such as earning management practices (Ben-amar

et al., 2013), a possible explanation is that board chairs do not have discretion over the decision-making process and are required to make decisions by obtaining the consent of all of the board of directors (Gull, 2013). And they have same rights and responsibilities (Gabrielsson *et al.*, 2007). The insignificant coefficient of female Education on audit committee confirms that our result provides no evidence for the effect of female education on audit committee on voluntary disclosure the proxy of FRQ. Thus, H3 is rejected.

Regarding the control variables, the regression results indicate that a FRQ has a Positive association with Board of director, and negative relationship with CRAR and AGE of company, However, regression results disprove any relationship between voluntary disclosure (FRQ) and ROA, ROE and Firm Size.

Table 7. Regression Analysis

FRQ (Voluntary Disclosure)	coeff	t- test	P > [t]
Female Number	0.0412609	2.96	0.005
Female as a chair	-0.022187	-2.95	0.005
Female Education	-0.0203544	-0.85	0.397
Firm Size	4.60e-13	1.04	0.301
ROA	-0.0566726	-0.49	0.626
ROE	-0.0060279	-0.12	0.908
CRAR	-0.1080086	-1.99	0.051
Board size	0.0037207	3.04	0.004
Age	-0.0002357	-1.76	0.084

5. Conclusion and Recommendations

This study examined the relationship between the independent variable (gender characteristics of female gender in the Audit Committee and female presence in the Audit Committee), the presence of a female as a head of the Audit Committee, and the presence of a female with financial qualifications in the Committee and the dependent variable (quality of financial reporting in Jordanian banks listed on the Amman Stock Exchange) through the use of voluntary disclosure to represent the quality of financial reports. The study found clearly in the first hypothesis that there is a positive relationship between the presence of a female in the Audit Committee and the quality of the financial reports. This result was consistent with many of the previous literature that tested the relationship of the members of the Audit Committee and the quality of the financial reports. However, in this study, the researcher found that the female presence rate as a member of the audit committee of Jordanian banks is very few. The study data shows that 6 Jordanian banks out of the total sample are 13 banks where females are not present as a member of the Audit Committee which is a 0.45% of the sample.

The second hypothesis suggests that there is an inverse relationship between the female as head of the audit committee and the quality of the financial reports. This finding is consistent with some previous studies which indicated that the task of the chairman of the audit committee or even the board of directors is similar to other members in the rights and responsibilities. Is not sufficient to clearly judge the extent of the relationship of the female head of the Audit Committee and the quality of financial reports and this was reached by the researcher through the data on this hypothesis, as there is only one bank of the total sample of the study in which the Audit Committee contains a female president and only 0.07 of the total views.

In the third hypothesis, the study found that there are not enough statistical indications related to the presence of a female with a financial qualification and quality of financial reports. This study faced several determinants, for example: the lack of studies that tested the characteristics of the female working in the Audit Committee, especially with regard to the presence of the female head of the Audit Committee and the female financial qualification. This may justify the findings of this study. As well as the presence of female members of the Audit Committee, noting that the Jordanian commercial banks are not interested in the presence of female as a member of the Audit Committee, as evidenced by the data obtained for the study. This study sheds light on the extent to which regulators in Jordan, represented by the Jordan Securities Commission and the Central Bank of Jordan, have been trying to keep abreast of the global developments regarding the accounting profession. This is explained by the instructions issued by those

bodies regarding compliance with the concepts of governance and the Audit Committee and Disclosure in particular. The study recommends that the organization of the accounting profession in Jordan be given more attention to gender diversity in the Audit Committee, in particular, and the Board of Directors in general in the Jordanian shareholding companies listed on the Amman Stock Exchange, to follow up with countries such as the United States, the United Kingdom, Spain and Malaysia, which obliged the companies through the instructions of the corporate governance code to appoint females in the boards of directors (Zaitul and Ilona, 2018). The study also recommends conducting more studies that test the female characteristics in the Audit Committee, in addition to the current study, to reveal the importance of the female presence in general and the related characteristics in increasing the level of effectiveness of the Audit Committee first and consequently its impact on the quality of the financial reports.

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