Influence of Awareness and Roles and Responsibilities of the Board on the Quality of Financial Reporting in Jordanian Insurance Companies

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Abstract

Corporate governance involvesnearly every aspect of management, from action plans and internal controls to performanceassessmentandcorporatetransparency,becauseitoffersthefoundationforachievingacompany'sobjectives. The primary stakeholderinfluencing corporate governanceis the Board of Directors. The roles and responsibilities of the board influence the quality of financial reporting. Financial Reporting Quality (FRQ) is ensured by the Board of Directors, which also refers to the degree to which a financial statement provides adequate and authentic information about the company's financial position and performance. Hence, the study investigated the impact of the Board of directors on financial reporting quality in Jordanian Insurance Companies. The qualitative characteristics considered for the study were awareness and roles and responsibilities of the Board. The empirical evidence was obtained using the regression technique and a one-sample test based on a data sample of 19 Jordanian insurance companies. The study found that the awareness of the Board influences improving the quality of financial reporting.

Keywords: Awareness, Board of Directors, Financial Reporting Quality, Roles, and Responsibilities

Introduction

A company's direction and control are governed by rules, procedures, and processes known ascorporate governance. The system of rules, regulations, policies, and resolutions todetermine company behaviour is referred to as governance. Corporate governance balances theinterests of a company's various stakeholders, including shareholders, management, customers,suppliers, financiers, the government, and the general public. Corporate governance involvesnearly every aspect of management, from action plans and internal controls to performanceassessmentandcorporatetransparency,becauseitoffersthefoundationforachievingacompany'sobjectives (Klein, 2002).

The primary stakeholderinfluencing corporate governanceis the Board of Directors.Directors are chosen by shareholders or appointed by other board members to represent thecompany'sshareholders.TheBoardmakesimportantdecisions,suchascorporateofficerselections, executive salary, and dividend policy (SalauAbdulmalik et al., 2015). When shareholder votes demand particularethicalorenvironmentalconcernstobeemphasized,boardresponsibilitycangobeyondfinancialoptimization.

Internalandindependentmembersarefrequentlyapartof theBoard.Independents are beneficial to governance because they help match shareholder interests with insiders by diluting the concentration of power (SalauAbdulmalik et al., 2015). Independent directors do not have the same ties as insiders, but they are picked for their experience managing or leading huge corporations. Principal stockholders, founders, and executives are examples of insiders.

Financial Reporting Quality (FRQ) shows information regarding a business activity and its anticipated cash flows to inform the shareholders about its operations (Verdi, 2006). Financial reporting quality also refers to the degree to which a financial statement provides information that is fair and authentic about an enterprise's financial position and performance (Tang, Chen & Zhijun, 2008). It can be deduced that for a financial statement to be regarded as possessing a high-quality attribute, it must provide authentic/genuine information about the economic performance, financial position, and operations of cash flows to keep shareholders and other stakeholders informedof the entity's current situation.

Good corporate governance establishes a visible system of rules and regulations with matchedincentives for shareholders, directors, and executives. Corporate governance is something thatmost businesses aspire towards. Many shareholders believe that a company's profitability isn'tenough; it must also exhibit good corporate citizenship through environmental awareness, ethicalbehaviour,andsolidcorporategovernance standards (Klein, 2002).

Review of Literature

HopeOsayantinAifuwaetal,(2019)investigated theimpactof boardcharacteristicsonfinancial reporting quality of listed manufacturing firms. At a 5% level of significance, the datarevealed that board expertise was statistically significant and favourably associated to financialreporting quality, but board independence and board diversity were shown to be insignificantlyrelated to financial reporting quality. According to the findings, board qualities have a partialimpact on financial reporting quality. As a result, the researchers suggested that the number ofnon-executivemembersontheboardbeloweredinordertoreduceexcessivemanagementcosts.

AmnehAlkurdi et al (2019) explored the impact of Corporate Governance attributes on riskdisclosure for a sample of Jordanian listed firms. The findings show that Corporate Governancecharacteristics (such as board size and independent board (non-executive directors), separation ofroles, and audit committee meetings) have a statistically favourable impact on Voluntary RiskDisclosure(VRD),butnotmanagerialownership.Furthermore,thefindingsshowthatindependent directorshaveaconsiderablebeneficial impacton Mandatory RiskDisclosure(MRD), and audit committee size has a significant positive impact on MRD. Finally, the findingsrevealthatleverageandprofitabilityaretwoofthemostimportantdeterminantsofRiskDisclosure. The findings show that enterprises with more stringent compliance with obligatoryregulationsaremorelikelytopostRiskDisclosure.

Samuel AkpovwreEyenubo et al, (2017) examined the impact of the audit committee onfinancialreportingqualityinNigerianlistedcompanies.OtheraspectsinNigeria'suniqueconditions that are crucial to the quality of audit committees have been highlighted by the study.These include the ability to ask pertinent questions and exposure to seminars and workshops, theneed to compensate members, the need to allow members to serve for at least three years; theneed for the audit committee chairmanship to be held by a shareholder representative; the needfor the audit committee membership to be tilted in favour of more shareholders; and the need forthe appointment and remuneration of auditors to be handled by audit committee members. Thestudy looked at the fabric of corporate governance and how to incorporate it into financialinformationsystemsthatensureaccuratefinancialreporting.Thefunctionofcorporategovernanceinensuringthequalityoffinancialreportinghasrecentlybeendebated.Increasing corporate governance regulation is a crucial component in improving financial reporting quality,accordingtothestudy.

SigitSukmono(2015) investigated the impact of commissioners on corporate value in thisstudy.Thehypothesis'sfindingsrevealedthatthequalityoffinancialreportinghasaconsiderable favourable impacton commissioners. The integrity of the company's accountingandfinancial reportingsystem is the responsibility of the Board of Commissioners (OECD,2004:25)AccordingtoYoung(1998),corporategovernancereferstotheproceduresforimproving the quality of financial statements, indicating the role of commissioners in improvingcompanyperformancebypreventingearningsmanipulationandensuringtheaccuracyofinformationaboutthecompany'soperations.Thefundamentalgoaloffinancialreporting,according to the International Accounting Standards Board (IASB), is to offer information onhigh-quality financial statements of the economic entity, particularly about finances utilised formakingeconomicdecisions

David Wanyonyi Wanyama and Tobias Olweny (2013) investigated the effects of CorporateGovernance on the financial performance of listed insurance companies in Kenya. This studylooked at how board size, board composition, CEO duality, and leverage affect the financialperformance of Kenya's publicly tradedinsurance companies. Return on Assets (ROA) andReturnonEquity(ROE)wereusedtoassessthefirm'sperformance(ROE).Thestudydiscovered a close link between the Corporate Governance practises studied and the financialperformance of the companies. The size of the board of directors of insurance companies listedontheNSEhasbeenfoundtohaveanegativeimpactontheirfinancialperformance.Therewasalink betweenboardcompositionandfinancialperformanceofthecompany.Themostimportant part of board composition, however, was the board members' experience, abilities, andknowledge,not whether they were executive or non-executive directors. Leverage was alsofound to have a positiveimpact on the financial performance of insurance companieslisted onthe NSE. In terms of CEO duality, the study discovered that separating the roles of CEO andChairhadafavourableimpact.

Tristan Nguyen and Philipp Molinari, (2013) analysed the extent to which the accountingmodel for insurance liabilities introduced in the Exposure Draft is qualified to generate usefulinformation to users of financial statements. Furthermore, the researchers recommended aboutwhichfieldsneedfurtheradjustmentsinordertocomplywithdecisionusefulnessastheoverriding principle.

Khaled Erieg Abu-Risheh et al. (2012) analyzed the relationship between the good corporategovernancepracticesonthefinancialreportingqualityofJordanianlistedcompanies.Specifically, focus is on the board's independence, board's transparency, and separate auditcommittee. The findings of the study show that good corporate governance practises have animpactonfinancial reportingquality,withindependencebeingoneof thedeterminants offinancialreportingqualitysuccess.Furthermore,theindependentvariablescanexplainthevariance in the dependent variable, and a multiple regression test was used to examine therelationship between board of directors' transparency, board of directors' independence, and audit quality.

Doron Nissim, (2010) reviews the accounting practices of insurance companies, discusses thefinancialanalysisandvaluationofinsurers,summarizesrelevantinsightsfromacademicresearch, and provides related empirical evidence. The research is divided into three components.The first section covers the insurance industry's activities and structure, as well as products andservices, distribution channels, competition, regulation, taxation, and risk and risk management.The second segment looks at how insurance operations are reflected in financial statements. Thestudy provides evidence on the item's economic significance, reviews related US accountingprinciples, discusses earnings quality issues, describes analyses and red flags that inform on theitem's quality, reviews selected research findings, and describes the primary differences betweenInternational Financial Reporting Standards (IFRS) and US GAAP for each item from insurers'financialstatements.

Audit committees, according to Munoz (2005), are responsible for pre-approving audit and non-audit services, overseeing auditor engagement and compensation, and establishing procedures to receive, retain, and treat employee complaints, as well as having the authority to engage special counsel or expert advice. Committee members require financial literacy or general awareness of the company's key economic, operating, and financial risks. Members of the committee should be aware of the distinction between the committee's oversight duty and management's decision-making function, and they must be willing to question management when necessary.

ObjectivesoftheStudy

The objectivesofthe studyare:

1. Toanalyzetheinfluenceofawarenessandrolesandresponsibilitiesofthe Boardonthequalityoffinancial reporting.

HypothesesfortheStudy

Hypothesis1

H_{01}: Theboard's awareness does not influence improvingthequalityoffinancialreporting.

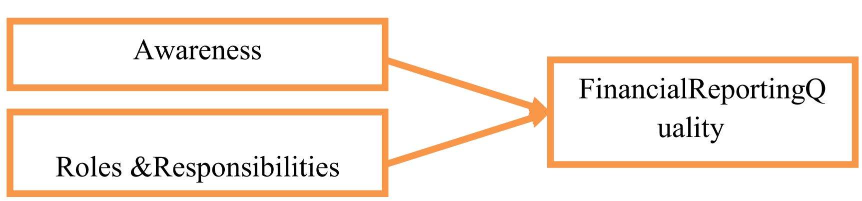
H_1: The board's awareness influences improving the quality of financial reporting.

Hypothesis2

H_{02}: Therolesandresponsibilitiesof theBoard do not influence thequality of financial reporting.

H_2: Therolesandresponsibilitiesoftheboard influencethequalityoffinancialreporting.

ConceptualFramework



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The financial reporting quality in Jordanian insurance was significantlyaffected by awareness and roles and responsibilities such as developing account reconciliations,data compilation, developing regular financial statements, designing periodical, weekly, andquarterly sales reports, coordinating with various departments, and performing variation analysesfor all technical accounting problems to frame accounting policies, and developing annual capitalexpenditure budget.

ResearchDesign

Sample Size: The study was conducted considering the insurance companies operating in Jordan. 19 insurancecompanies were chosen based on a random sampling method for the analysis. The number ofrespondents considered for the study was 142 respondents who were the Board of Directors ofthe selectedinsurancecompanies.

Table1:InsuranceCompaniesinJordan

Al-NisrAl-ArabiInsuranceCompany	IslamicInsuranceCompany
ArabAssurersInsuranceCompany	JerusalemInsuranceCompany
ArabJordanianInsuranceCompany	JordanFrenchInsuranceCompany
ArabLifeandAccidentInsuranceCompany	JordanInsuranceCompany
ArabOrientInsurance	JordanInternationalInsuranceCompany
ArabiaInsuranceCompany	MiddleEast Insurance
DeltaInsuranceCompany	PhiladelphiaInsuranceCompany
EuroArabInsuranceGroup	SafwaInsurance Company
HolyLand InsuranceCompany	TheNationalInsuranceCompany
	UnitedInsuranceCompany

Source:AmmanStockExchange(ASE), CompiledbytheResearcher

DataCollection Methods

This study was based on primary data. 19 insurance companies listed on Amman Stock Exchange(ASE) were surveyed with a structured questionnaire using 5 points Likert Scale measurementfrom the Boardof Directorsof therespectiveinsurancecompanies.

171questionnaireswereinitiallydistributedtotherespondents.Whentheywerereturned,29questionnaireswereincomplete and were not considered for the study. Hence, 142 respondents were the sampleassessedforthestudy. Thecollected data was analyzed using SPSS software to derive expected results and develop findings and suggestions. The Board of Directors from 19 companies were professional and skilled with strategic direction. Collecting data from the Board of Directors who possessed the required competency and added value to the companies gave a helpful insight into analyzing the impact of the Board of Directors on Financial Reporting Quality in Insurance Companies in Jordan.

VariablesoftheStudy

Thevariablesofthestudywere dividedinto:

DependentVariables: FinancialReportingQuality.

IndependentVariables: Awareness,Roles,andResponsibilities.

Analysis of the InfluenceofAwarenessandRolesandResponsibilitiesoftheBoardonthe QualityofFinancialReporting

AWARENESS OF THE BOARD

Table 2(a): Awareness

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The Board has an awareness of comparability of financial information	F	0	13	2	99	28
	%	0	9.2	1.4	69.7	19.7
The Board has an awareness of the verifiability of financial information	F	2	7	14	73	46
	%	1.4	4.9	9.9	51.4	32.4
The Board has an awareness of timeliness of financial information	F	3	10	3	100	26
	%	2.1	7.0	2.1	70.4	18.3
The Board has an awareness of understandability of financial information	F	2	4	16	64	56
	%	1.2	2.8	11.3	45.1	39.4
The Board has an awareness of decision usefulness of financial information	F	0	11	27	55	49
	%	0	7.7	19.0	38.7	34.5

The Board has an awareness of the reliability of financial information	F	0	12	29	47	54
	%	0	8.5	20.4	33.1	38.0
The Board has an awareness of the materiality of financial information	F	0	26	16	47	53
	%	0	18.3	11.3	33.1	37.3
The Board make efforts in creating awareness about qualitative characteristics of financial reporting among the executives of the company	F	2	16	23	79	22
	%	1.4	11.3	16.2	55.6	15.5

Source: Primary Source, Compiled by the Researcher

The table shows respondents' opinions concerning awareness in financial reporting in selected Jordanian Insurance Companies. 99 respondents (69.7%) agreed, 28 respondents (19.7%) strongly agreed, 13 respondents (9.2%) disagreed, and 2 respondents (1.4%) remained neutral about the statement that the board is aware of financial information comparability. 73 respondents (51.4%), 46 respondents (32.4%) strongly agreed, 7 respondents (4.9%) disagreed, 2 respondents (1.4%) strongly disagreed, and 14 respondents (9.9%) remained neutral about the statement that the board is aware of the verifiability of financial information. 100 respondents (70.4%) agreed, 26 respondents (18.3%) strongly agreed, 10 respondents (7%) disagreed, 3 respondents (2.1%) strongly disagreed, and 3 respondents (2.1%) remained neutral about the statement that the board is aware of the timeliness of financial information. 64 respondents (45.1%) agreed, 56 respondents (39.4%) strongly agreed, 4 respondents (2.8%) disagreed, 2 respondents (1.2%) strongly disagreed, and 16 respondents (11.3%) remained neutral about the statement that the board is aware of the understandability of financial information. 55 respondents (38.7%) agreed, 49 respondents (34.5%) strongly agreed, 11 respondents (7.7%) disagreed and 27 respondents (19%) remained neutral about the statement that the board is aware of the decision usefulness of financial information. 47 respondents (33.1%) agreed, 54 respondents (38%) strongly agreed, 12 respondents (8.5%) disagreed and 29 respondents (20.4%) remained neutral about the statement that the board is aware of financial information reliability. 47 respondents (33.1%) agreed, 53 respondents (37.3%) strongly agreed, 26 respondents (18.3%) disagreed and 16 respondents (11.3%) remained neutral about the statement that the board is aware of the materiality of financial information. 79 respondents (55.6%) agreed, 22 respondents (15.5%) strongly agreed, 16 respondents (11.3%) disagreed, 2 respondents (1.4%) strongly disagreed and 23 respondents (16.2%) remained neutral about the statement that the Board makes efforts in creating awareness about qualitative characteristics of financial reporting among the executives of the company. It was concluded that the Board of Directors of Insurance Companies in Jordan was aware of the financial information disclosed to the public.

Table 2(b): Descriptive Statistics

Statements	N	Mean	Std. Dev.	Variance
The Board has an awareness of comparability of financial information	142	4.00	0.763	0.582
The Board has an awareness of the verifiability of financial information	142	4.08	0.863	0.745
The Board has an awareness of the timeliness of financial information	142	3.96	0.824	0.679
The Board has an awareness of understandability of financial information	142	4.18	0.847	0.718
The Board has an awareness of decision usefulness of financial information	142	4.00	0.923	0.851
The Board has an awareness of the reliability of financial information	142	4.01	0.964	0.929
The Board has an awareness of the materiality of financial information	142	3.89	1.103	1.216
The Board make efforts in creating awareness about qualitative characteristics of financial reporting among the executives of the company	142	3.73	0.908	0.825

Source: Primary Source, Compiled by the Researcher

The table shows the descriptive statistics of the awareness in financial reporting in selected Jordanian Insurance Companies. The mean and standard deviation of the Board hasawareness of comparability of financial information was 4 and 0.763, respectively. The mean and standard deviation of the Board hasawareness of verifiability of financial information was 4.08 and 0.863, respectively. The mean and standard deviation of the Board hasawareness of timeliness of financial information was 3.96 and 0.824, respectively. The mean and standard deviation of the Board has an awareness of the understandability of financial information were 4.18 and 0.847, respectively. The mean and standard deviation of the Board hasawareness of decision usefulness of financial information was 4 and 0.923, respectively. The mean and standard deviation of the Board hasawareness of the reliability of financial information was 4.01 and 0.964, respectively. The board's mean and standard deviation awareness of the materiality of financial information was 3.89 and 1.103, respectively. The mean and standard deviation of the Board's efforts to create awareness about qualitative characteristics of financial reporting among the company executives was 3.73 and 0.908, respectively.

Testing of First Hypothesis:

H_0: The awareness of the Board does not influence improving the quality of financial reporting

H_1: The awareness of the Board influences improving the quality of financial reporting

Regression test was carried out considering independent variable, awareness of the Board and dependent variable, financial reporting quality with an aim to measure the influence of awareness of the Board in improving the quality of financial reporting in Insurance Companies of Jordan.

Table 2(c): Results of Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Awareness	.654[a]	.427	.066	.194

a. Predictors: (Constant), Awareness of Board

Source: Primary Source, Output from SPSS

From the above regression analysis, the value of R Square is 0.427 explaining the variation in financial reporting quality explained by the awareness of the Board is to the extent of 42.7%. Further, the adjusted R square value was found to be 0.066, which indicated the significance of explanatory variables. The value obtained for the standard error of an estimate is 0.194.

Table 2(d): Results of ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	1	.000	4.265	.000[b]
	Residual	98.25	141	.321		
	Total	98.25	142			

a. Dependent Variable: FinRepo
b. Predictors: (Constant), Aw
Source: Primary Source, Output from SPSS

The Regressional ANOVA table revealed significant mean differences in awareness and financial reporting components. F test revealed a significant mean difference with an F value of 4.265 and a significance level of 0.000, which is less than p (0.05), showing statistical significance. Hence, there was a statistical significance between awareness and financial reporting quality.

Table 2(e): Unstandardized and Standardized Coefficients with t values and significance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.179	.214		12.956	.000
	Avg_Aw	4.211	3.341	1.201	2.517	.000

a. Dependent Variable: Avg_FinRepo
Source: Primary Source, Output from SPSS

The regression coefficient of Awareness is 4.211 indicating a positive effect of Awareness on Financial Reporting Quality which is statistically significant as the significance value is lesser than 0.05 (5%).This shows that an increase in Financial Reporting Quality by one unit increases awareness in Jordanian insurance companies by 4.211 units.

Regression Equation:

Financial Reporting Quality= $\boldsymbol{\beta_0 + \beta_1}$ **(Awareness)**$_1$**+ e**

Financial Reporting Quality = 3.179 + 4.211 (Awareness)$_1$**+ e**

Table 2(f): One-Sample Test

	N	Mean	Std. Deviation	Std. Error Mean
Awareness	142	3.721	.46393	.02678

The statistics in the above table show that the overall mean of constructs related to awareness of the Board is 3.721 with a standard deviation of 0.463. The low standard deviation shows that the data points are clustered closer to the mean.

	Test Value = 3.4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Awareness	20.21	142	.000	.321	.540	.693

Source: Primary Source, Output from SPSS

When a one-sample t-test was performed to verify the influence of awareness of the Board in improving the quality of financial reporting, taking 3.4 as standard, it was found that the observed mean for awareness was 3.721. ‘t’ value of 20.21 was found to be significant with a p-value of **.000**. In other words, **the awareness of the Board influenced improving the quality of financial reporting. Hence, the null hypothesis is rejected, and the alternative hypothesis is accepted.**

ROLES AND RESPONSIBILITIES OF THE BOARD

Table 3(a): Roles and Responsibility

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The roles and responsibilities of the Board are separate from those of the staff	F	2	7	58	42	33
	%	1.4	4.9	40.8	29.6	23.2
The Board takes the primary responsibility for setting the accounting policies	F	9	20	20	82	11
	%	6.3	14.1	14.1	57.7	7.7
The Board members seldom assume roles and responsibilities	F	7	43	23	42	27
	%	4.9	30.3	16.2	29.6	19.0

that belong to the staff						
The Board delegates the authority to the chief executive to carry out the activities according to the policies	F	4	32	19	45	42
	%	2.8	22.5	13.4	31.7	29.6
The Board members do not influence the staff behavior	F	17	29	25	42	29
	%	12.0	20.4	17.6	29.6	20.4
The Board has set up a proper reporting system	F	9	12	36	59	26
	%	6.3	8.5	25.4	41.5	18.3
The Board takes the approval of financial statements from the independent auditors before reporting	F	11	29	16	55	31
	%	7.7	20.4	11.3	38.7	21.8

Source: Primary Source, Compiled by the Researcher

The table shows respondents' opinions concerning roles and responsibilities in financial reporting in selected Jordanian Insurance Companies. 42 respondents (29.6%) agreed, 33 respondents (23.2%) strongly agreed, 7 respondents (4.9%) disagreed, 2 respondents (1.4%) strongly disagreed and 58 respondents (40.8%) remained neutral about the statement that the roles and responsibilities of the Board are separate from those of the staff. 82 respondents (57.7%) agreed, 11 respondents (7.7%) strongly agreed, 20 respondents (14.1%) disagreed, 9 respondents (6.3%) strongly disagreed and 20 respondents (14.1%) remained neutral about the statement that the Board takes the primary responsibility for setting the accounting policies. 42 respondents (29.6%) agreed, 27 respondents (19%) strongly agreed, 43 respondents (30.3%) disagreed, 7 respondents (4.9%) strongly disagreed and 23 respondents (16.2%) remained neutral about the statement that the Board members seldom assume roles and responsibilities to the staff. 45 respondents (31.7%) agreed, 42 respondents (29.6%) strongly agreed, 32 respondents (22.5%) disagreed, 4 respondents (2.8%) strongly disagreed and 19 respondents (13.4%) remained neutral about the statement that the Board delegates the authority to the chief executive to carry out the activities according to the policies. 42 respondents (29.6%) agreed, 29 respondents (20.4%) strongly agreed, 29 respondents (20.4%) disagreed, 17 respondents (12%) strongly disagreed and 25 respondents (17.6%) remained neutral about the statement that the Board members do not influence the staff's behavior. 59 respondents (41.5%) agreed, 26 respondents (18.3%) strongly agreed, 12 respondents (8.5%) disagreed, 9 respondents (6.3%) strongly disagreed and 36 respondents (25.4%) remained neutral about the statement that the Board has set up a proper reporting system. 55 respondents (38.7%) agreed, 31 respondents (21.8%) strongly agreed, 29 respondents (20.4%) disagreed, 11 respondents (7.7%) strongly disagreed and 16 respondents (11.3%) remained neutral about the statement that the Board takes the approval of financial statements from the independent auditors before reporting.It was concluded that the roles and responsibilities of the Board played a significant part in the financial reporting system of Insurance Companies in Jordan as it ensured good governance.

Table 3(b): Descriptive Statistics

No.	Statements	N	Mean	Std. Dev.	Variance
1.	The roles and responsibilities of the Board are separate from those of the staff	142	3.68	0.933	0.870
2.	The Board takes the primary responsibility for setting the accounting policies	142	3.46	1.036	1.073
3.	The Board members seldom assume roles and responsibilities that belong to the staff	142	3.27	1.221	1.491
4.	The Board delegates the authority to the chief executive to carry out the activities according to the policies	142	3.63	1.206	1.455
5.	The Board members do not influence the staff behavior	142	3.26	1.319	1.740
6.	The Board has set up a proper reporting system	142	3.57	1.081	1.169
7.	The Board takes the approval of financial statements from the independent auditors before reporting	142	3.46	1.253	1.570

Source: Primary Source, Compiled by the Researcher

The table shows the descriptive statistics of the roles and responsibilities in financial reporting in selected Jordanian Insurance Companies. The mean and standard deviation of the roles and responsibilities of the Board are separate from those of the staff was 3.68 and 0.933, respectively. The mean and standard deviation of the Board taking the primary responsibility for setting the accounting policies was 3.46 and 1.036, respectively. The mean and standard deviation of the Board members seldom assuming roles and responsibilities that belong to staff was 3.27 and 1.221, respectively. The mean and standard deviation of the Board delegates the authority to the chief executive to carry out the activities according to the policies was 3.63 and 1.206, respectively. The mean and standard deviation of the Board members who do not influence the staff behavior were 3.26 and 1.319, respectively. The board's mean and standard deviation set up a proper reporting system of 3.57 and 1.081, respectively. The mean and standard deviation of the Board's approval of financial statements from the independent auditors before reporting were 3.46 and 1.253, respectively.

Testing of Second Hypotheses

H_{02}: The roles and responsibilities of the Board does not influence the quality of financial reporting

H_2: The roles and responsibilities of the Board influences the quality of financial reporting

The regression test was carried out considering the independent variable, roles and responsibilities of the Board, and dependent variable, financial reporting quality, to measure the influence of roles and responsibilities of the Board in improving the quality of financial reporting in Insurance Companies in Jordan.

Table 3(c): Results of Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857[a]	.734	2.28	.357

a. Predictors: (Constant), Avg_resp

Source: Primary Source, Output from SPSS

From the above regression analysis, the value of R Square is 0.734 explaining the variation in financial reporting quality explained by the roles and responsibilities of the Board is to the extent of 73.4%. Further, the adjusted R square value was 2.28, which indicated the significance of explanatory variables. The value obtained for the standard error of estimate is 0.357.

Table 3(d): Results of ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.417	1	.475	3.214	.006[b]
	Residual	98.15	141	.341		
	Total	98.567	142			

a. Dependent Variable: Avg_FinRepo

b. Predictors: (Constant), Avg_resp

Source: Primary Source, Output from SPSS

The Regressional ANOVA table revealed significant mean differences in roles and responsibilities and financial reporting components. F test revealed a significant mean difference with an F value of 3.214 and a significance level of 0.006, which is less than p (0.05), showing statistical significance. Hence, there was a statistical significance between roles and responsibilities and financial reporting quality.

Table 3(e): Unstandardized and Standardized Coefficients with t values and significance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.156	.208		19.307	.000
	Avg_resp	3.157	.042	.049	1.575	.006

a. Dependent Variable: Avg_FinRepo

Source: Primary Source, Output from SPSS

The regression coefficient of roles and responsibilities is 3.157, indicating a positive effect of roles and responsibilities on Financial Reporting Quality which is statistically significant as the significance value is lesser than 0.05 (5%). This shows that an increase in Financial Reporting Quality by one unit leads to an increase in the roles and responsibilities in Jordanian insurance companies by 3.157 units.

Regression Equation:

Financial Reporting Quality= $\beta_0 + \beta_1$ (Roles and Responsibilities)$_1$+ e

Financial Reporting Quality = 4.156 + 3.157 (Roles and Responsibilities)$_1$+ e

Table 3(f): One-Sample Test

	N	Mean	Std. Deviation	Std. Error Mean
Roles and Responsibilities	142	3.686	.597	.0339

The statistics in the above table show that the overall mean of constructs related to roles and responsibilities of the Board is 3.686 with a standard deviation of 0.597. The low standard deviation shows that the data points are clustered closer to the mean.

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	Test Value = 3.4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Roles and Responsibilities	1.969	142	.004	.0286	.0319	.165

Source: Primary Source, Output from SPSS

When a one-sample t-test was performed to verify the influence of role and responsibilities of the Board in improving the quality of financial reporting, taking 3.4 as standard, it was found that the observed mean for role and responsibilities was 3.686. 't' value of 1.969 was found to be significant with a p-value of **.004**. **In other words, the roles and responsibilities of the board influence the quality of financial reporting. Hence, the null hypothesis is rejected, and the alternative hypothesis is accepted.**

Conclusion

The study investigated the impact of the Board of directors on financial reporting quality in Jordanian Insurance Companies. The study found that there is a positive and significant impact board of directors on financial reporting quality in Jordanian Insurance Companies. In addition, the study found that there is a significant role for the Board of directors to oversee the preparation and publication of financial reports. This study also revealed the existence of some Jordanian companies that do not disclose full mandatory items, which leads to misleading the investor and not making an investment decision correctly. Hence, the concept of financial reporting has to be considered adequately by Jordanian Insurance Companies.

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