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ADOPTION OF AND COMPLIANCE WITH IFRS AND EARNINGS QUALITY A REVIEW OF EVIDENCE, THE CASE OF JORDAN

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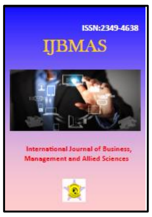

ABSTRACT

The adoption of International Financial Reporting Standards (IFRS) around the globe has stimulated empirical research that investigates the financial reporting and capital market effects associated with an accounting regime change. The purpose of this paper is to review a synthesis of empirical studies dealing with the adoption of and compliance with (IFRS) and its relationship with earnings quality in developing countries (Jordan) and provides suggestions on how future research can add to our understanding of these effects. The review focusses on two main streams including: first, corporate characteristics and the degree of compliance with IFRS; second, the economic consequences of IFRS adoption. However, The Empirical evidence is not abundant in Jordan. Regarding the economic consequences of IFRS adoption, it seems that the evidence is still limited in Jordan especially with respect to the impact of IFRS adoption on earnings quality.

Keywords: International Financial Reporting Standards (IFRS), earnings quality, Jordan, implementation of IFRS**.**

1. INTRODUCTION

The concept to use a solitary, international, financials report standards templates appears perfect to several accountants as well as investors. To have constant standard for accountings would assist to decrease needless expenditures to provide additional data to those who use financials' information (Madawaki, 2012). To decrease the dissimilarity in accountings standard among nations, the International Accounting Standard Committee (IASC) had been established, in 1973, by professional accounting bodies in Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland, and the United States (Ball, 2006). Their goals had been to reduce the irregularities in global accountings principles and reporting practice (Madawaki, 2012). The standards formed by IASC are known as the International Accounting Standards (IAS). In April 2001, the International Accounting Standard Board (IASB) had been established to be controlling the settings of international accounting standards, called the International Financial Reporting Standards (IFRS), from IASC (Madawaki, 2012), though it still recognize the current IAS as issued by IASC. The three major aims of the IFRS are to improve transparencies, strengthen accountabilities as well as add to the financial competence of financials' reporting (Lay, 2019).

In current years, several emerging nations had accepted IFRS (Al-Akra, Eddie, & Ali, 2010; Joshi & Ramadhan, 2002; Samaha & Stapleton, 2008), in spite of understanding of the opinion that for accounting as well as report system to be efficient they should be reflecting the situation in which they are functioning. Consequently, numerous research was carried out to scrutinize these questions in emerging nations (Adibah Wan Ismail, Anuar Kamarudin, van Zijl, & Dunstan, 2013; Elbannan, 2011; Lungu, Caraiani, & Dascălu, 2017). Therefore, it is vital to comprehend the macroeconomic purposes for the acceptance of IFRS and their economics significances in emerging nations due to their precise institutional settings.

2. IFRS in Jordan

It is likewise declared that IFRS are more fair values focused as well as more inclusive, particularly regarding disclosure, than many local's GAAP. For instance, employing inclusive contrasts of 21 accounting standards in effect in 2001. (Bae, Tan, & Welker, 2008; Barth, Landsman, & Lang, 2008) reported an upsurge in earning qualities for a sample of companies which accepted IFRS voluntarily. IFRS decrease the choice as well as discretions existing to financial statement preparers in relation to several locals GAAP (or accountings standards) that decrease the degree of Earning Management (Adibah Wan Ismail et al., 2013). With no global movements in the direction of IFRS accountings diversities would have continued to obstruct cross border investment, therefore fore going additional liquidity of capital market, as well as decrease in costs of capital(Vardia, Kalra, & Soral, 2016).

The acceptance of IFRS in Jordan went thru numerous transition times. It began with decisions (no.45) on March 1989, by the Boards of Managements of the Association of Jordanian Certified Auditors to follow International Accounting Standards (IFRS later) for the financial reporting produced on 31/12/1990 or afterward. Nevertheless, the relationship does not have the legal authority to impose the decisions; instead, it depends on the support of its associates to observe the execution of IFRS.

This period of accountings profession organisation may be named private sectors organisation in companies with the Audit Bureaus. This era began with the issuing of laws no.32 (Account Auditing Professions) that replace the laws to practice account auditing' of 1961. This was led by what might be termed unorganised or free markets organizations because there had not been an obligatory accountings or auditing standard or a professional organisation of any kind occurred (Saaydah, 2012b). In the third phase Jordan seek to rearrange all. It issues the security law no.23 for 1997 to reorganize capital markets. Based on this law, it created the security commissions, Amman Bourse, and Security Depository Centre as three autonomous institutions (rather than one institution, Amman Stock Exchange since 1978). According to articles 9 and 53 of security laws no. 23, the security commission issue instructions no. 1 for 1998 titled "Disclosure instruction and accountings and auditing standard and qualification of auditors of organisations subjected to commissions' controls. In this instruction the commission require, from registered firms, the acceptance of IFRS on the conditions it will not oppose local law as well as require firms to be disclosing the influence of IFRS on Financial Statement.

The subsequent phase had been the issuing of corporate law no. 40 for 2002 that require the usage of IFRS (article 195 of the law). Follow by the provisional law no. 73 of 2003 titled "Regulating the legal accounting profession" that do not named which accountings standard must be employed. The era from

2003 till now might be named the governmental organisation of the accounting professions. In 2004, the Jordan Security Commission up dated its disclosures instruction no. 1 of 1998.

The jurisdiction has made a public commitment in support of moving towards a single set of high quality global accounting standards as support for IFRS Standards is stated in the Jordanian Companies Law. Article No. 184 of the Companies Law requires that "A Public Shareholding Company shall organize its accounts and keep its registers and books in accordance with the recognized international accounting and auditing standards." Regulations issue by the Jordanian Securities Commission, the Central Bank of Jordan, and Jordanian Insurance Commission all require IFRS Standards for regulated companies under their jurisdiction. Also, the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards.

3. EARNING QUALITY

Study on earning quality is growing intensely over the last two decades. As stated by DeFond (2010) the Security and Exchange Commission (SEC) announcement in 1990 regarding the wider spreading of earning managements amongst the US publics firms, the acceptance of IFRS as higher qualities accountings standard, the growths in electronic data base system, and the acceptance of the Jones (1991) model (1991) and the Modified Jones (1995) model as a usually adopted proxy for earning quality, considering the principals elements which assist the growths of earnings qualities study in the past two decades.

However, the prior literatures on earning qualities identified diverse characteristics which are related with or thoughtful of earning qualities, but, these studies do not offer strong meaning of earning qualities, and the idea of earning quality remain indefinable a well a not clear. For the purpose of gaining more understandings of earning quality idea, a debate of meanings as brought from the prior literature is essential.

Ball and Shivakumar (2005), defined reporting qualities generally, as the level to which accountings data is has value to stockholders, creditor, manager as well as overall other party that contract with the company. Penman and Zhang (2002), defined higher qualities earning as the earning earlier to extraordinary objects if it is a better indicator of upcoming earning. This indicate that high er qualities earning is equal to maintainable earning.

Richardson, Sloan, Soliman, and Tuna (2005), suggested that extremely consistent accrual result to high earning persistent and later high earning qualities. They suggested that accrual might be viewed as higher, medium or lower in consistency, according to the consistency of the measurements of these accruals as well as the probability of current measurements mistakes. Dechow and Schrand (2004) and Demerjian, Lev, Lewis, and McVay (2013) defined higher qualities earning, as the earning which reflects the company's essential performances as well as the earning which could be employed as a sign for upcoming operating performances.

Dechow and Dichev (2002), defined the earning qualities from a diverse viewpoint as they suggested that the strengths of the association among present accruals as well as cash flow is the key element of earning qualities. They assumed that the key roles of accountings accrual is to adjusting the acknowledgment of cash flow thru the times so that the revealed accountings earning number well reflects the company's performances. Nevertheless, the accrual required assumption as well as management's judgment to be made, in estimating the anticipated future cash flow. Once these accruals are harmonized with cash flow that indicate that there had been no or less mistakes in the appraised accrual, thus the stated earnings are viewed to be of high qualities.

Dechow and Schrand (2004), suggested that higher qualities earning is foreseeable as well as repeatable earning. Nevertheless, they suggested that repeatable earnings are of higher qualities only if it is reflecting the company's performances, it a better indicator of upcoming performances, and it offers a better signal of the company's inherent values.

Dechow, Ge, and Schrand (2010), suggested that "Higher quality earnings provide more information about the features of a firm's financial performance that are relevant to a specific decision made by a specific decision-maker." This indicate that the qualities of earning is based on its significance to the decision makers.

A current study which attempt to offer an suitable meaning of earning qualities was carried out by Dichev, Graham, Harvey, and Rajgopal (2013) as they scrutinized the chief financial officer's (CFO) views regarding the correct meaning of higher earning qualities. According to their results, the CFO have the belief that higher qualities earning is maintainable as well as repeatability earning. Specifically, the earnings which are made via steady accountings reports selections, which are matched by real cash flow, as well as the lack of longer terms estimate, are viewed as higher qualities earning. They employ CFOs as they are viewed as the straight creators of earning qualities; having a proper backgrounds in accountings which offer them with intense perception in the determinant of earning qualities; having a better understanding of the way to assess earning qualities from an outsider's viewpoint, because they are the main decision takers in firm acquisition; and having admittance to more implicit understanding regarding earning quality via their links of financial executives in their industries as well as geographic neighbourhoods.

In conclusion, it could be summarised that there is no sole measure for earning quality which captured overall earning attribute and this could be employed for overall decision models. In line with this summary Nelson and Skinner (2013) suggested that due to the fundamentally contexts precise kind of earning qualities, it is not astonishing that earning qualities is not demarcated or measured in an even manner in the literatures.

4. BENEFITS OF ADOPTING IFRS, PARTICULARLY IN DEVELOPING COUNTRIES

Though IFRS stems mainly from the Anglo Saxon accountings traditions that involve big capital markets Albu et al. (2013), it is obvious that certain emerging nations had overcome their national problems so as to accept IFRS and thus to build their economics status (Chamisa, 2000). Previous study suggested that developing markets are viewed as much eager to accept IFRS as advanced markets (United Nations, 2011).

Certain research suggests that acceptance of IFRS by specific emerging nations was a fruitful experience. For instance, Chamisa (2000), in the situation of Zimbabwe, specified that the acceptance of global accounting standard is appropriate to emerging nations particularly those with capitalists economy. Boolaky (2010), clarified that the procedure of convergence a well as compliances with IFRS is smoother in Mauritius. Aljifri and Khasharmeh (2006), revealed that there is a universal agreement amongst the user's category in the appropriateness and significance of accepting IAS in the United Arab Emirates (UAE) firms. They revealed that accepting IAS would yield much advantages, like improving the comparation, consistency, as well as relevance of financial information, high qualities of financial reporting, educating the insight of accountings professions in UAE in the views of others' nations worldwide as well as offering improved information for government for economics plans. In this section, literatures regarding the advantages of IFRS to emerging nations is studied.

Parker (2016), listed the advantages of harmonizing accounting standard (in practicing, this indicates accepting IFRS) in emerging nations. They suggested that: "Standardization can reduce administrative costs, improve the quality of accounting and increase comparability." Applying IFRS in emerging nations might encourage assurance in the national stock markets as well as upsurge its competence, that could be beneficial to the entire economies (Brown, 2011). Jermakowicz and Gornik-Tomaszewski (2006), further stated that it might improve the reputations of the nation as a contemporary as well as "well-regulated nation to do businesses". Furthermore, accepting global standard is a signal of modernization and offers opportunities for emerging and developing markets to be transparent and dealing with others nations (Mantzari & Georgiou, 2019).

The apparent advantages of acceptance are that firms would make high quality financial reporting than they will be publishing by following national accountings rule and standard only, however, this is not an ending in itself but relatively way to achieve certain other advantages, mostly connecting to the improvement of economics growth via encouragement offered to foreign direct investments.

Irvine (2008), specified that several developing economy hurried to accept IFRS, "in order to gain legitimacy in global markets and thereby access to capital markets, achieve economic development, and increase their wealth". Chamisa (2000), added that the key aim of emerging nations to accept IFRS is to help them to find the suitable reporting standard which meets their desires, while harmonizing their accountings standard with the remain part of the world came as a secondary objective. Several emerging nations are depending deeply on capital inflow from foreign governments, donors and institutions, like the World Bank, International Monetary Fund (IMF), United Nations, and foreign private investors. These figures necessitate the acceptance of IFRS for nations that seek fund (Camfferman & Zeff, 2015).

The possibilities for emerging nations to adjust IFRS to their local need or regulation is a positive aspect which encouraged emerging nations to accept IFRS (Chamisa, 2000). Majority of emerging nations did not possess the capability to build their personal local accountings standard autonomously. In those nations, the accountings professions and institutions are not strong and there is a deficiency of adequate practical knowledge (Antwi, 2010). Antwi (2010), suggested that though accepting IFRS would assist developing economy to save cost associated to building their own national accountings standard, the cost is also required to train experts on the new systems, nevertheless this is more valuable than monies spent on standards settings Numerous research (Alkhtani, 2012; Brown, 2011; Tyrrall, Woodward, & Rakhimbekova, 2007) suggest that accepting IFRS saved times and cost associated to issuance of local accountings standard, and it reduce expenses incur by each firms in making their financials statement (Alkhtani, 2012; Okpala, 2012; Sawan & Alsaqqa, 2013).

5. THE RELATIONSHIP BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND EARNING QUALITY

Several researchers believe that quality of the content of financial statements is determined by economic, political and institutional factors of manager and/or auditor incentives (Gordon, Jorgensen, & Linthicum, 2010; Hamid, Hashim, & Salleh, 2012; Leuz, Nanda, & Wysocki, 2003) believe that intention to enhance the confidence of stakeholders and pressure from affiliated parties are part of the motives behind earning management. It is believed that earning management is generally motivated by the extent, important role and functions played by the reported earnings in the financial reports, which include management compensation plan, bonus contract, valuation of firm, valuation of initial public offer, debt covenant, negotiation with labour unions to just mention but a few.

Boundaries of generally accepted accounting principles to achieve a predetermine reported earning quality (Ismail, Kamarudin, van Zijl, & Dunstan, 2013). Healy and Wahlen (1999), opine that earning management take place when manager use personal judgment in financial reporting and restructuring transactions to manipulate financial reports to either mislead investors and equity holders on the actual performances of the firm or to impact the outcome of prescribed arrangements which are based on the stated earnings. The more reported earning deviate from what it ought to be, the lesser the qualities of such reported earnings. This is consistent with several studies (Ahmed et al., 2013; Barth, 2008; Chua, Cheong, & Gould, 2012; Dimitropoulos, Asteriou, Kousenidis, & Leventis, 2013) that view earnings quality as such reported earnings that are free from earnings management. Analysts view earnings as of high quality when it reflect actual current operating performance, serve as good index for projecting future cash flow and portrays the actual market value of the reporting entity (Dechow & Schrand, 2004). Goncharov and Zimmermann (2006), argue that accounting standards provide users with different number of choices, and therefore, there application may result in different reported earnings quality. As every accounting choice has its-own costs and these costs raises if changes in accounting choices are exercised frequently, and earning management is expected to be high in a regime that create avenue for making some judgment.

Capkun, Collins, and Jeanjean (2013), believe that IFRS that went into effect in 2005 give room for many accounting choices to a single transaction and provides for many subjective judgments in reporting, hence it will lead to reported earnings with high management discretions. Ismail et al., (2013) investigate the difference in earning quality of Malaysian companies after the mandatory adoption of IFRS as reporting standard even though named as Malaysia Financial Reporting Standard (MFRS) and find that there are improvements in the earning quality after the adoption of IFRS due to lower earning management.

In the same direction, Lin, Riccardi, and Wang (2012) examine whether accountings qualities change after the switching from US GAAP to IFRS by German firms and document that accounting numbers exhibit more earning smoothing after the change, which on the overall applied that US GAAP resulted in higher earning quality than IFRS.

Artikis and Doukakis (2010), examines the earning components and earning persistent of the listed firms in Athens Stock Exchange after the adoption of IFRS and document decreases in earning persistent and earning component as a result of the failure of IFRS measurement and reporting guidelines in improving them. It is also evident that mandatory adoption of IFRS had no significant effect on real or accrual-based earnings, but firm’s earning management incentives has a dominance role in shaping financial reporting quality than accounting standard (Doukakis, 2014).

Nevertheless, Barth et al. (2008); Zéghal, Chtourou, and Sellami (2011), Soderstrom and Sun (2007) and Dimitropoulos et al. (2013) conducted their studies within European countries and document that financial reports prepared using IFRS exhibit less earning management. Recently, Houqe, Easton, and van Zijl (2014) conducted study in a civil law countries where negative effects were recorded during early adoption period (Germany, France and Sweden) and the result from the examination suggest that obligatory acceptance of IFRS improve information quality in this countries. Several researchers investigate the causes of these mixed results and suggest that the mixed results may be due to difference in methodological approaches to the studies, level of enforcement, incentives, corporate governance, period of study and other economic, political and institutional factors that may affect the financial reporting quality (Ahmed et al., 2013; Bova & Pereira, 2012; Christensen, Hail, & Leuz, 2013; Doukakis, 2014; Zéghal et al., 2011).

6. REVIEW OF LITERATURE

Al-Akra et al. (2010) study, entitled “The influence of the introduction of accounting disclosure regulation on mandatory disclosure compliance: Evidence from Jordan” examined the influence of accounting disclosure regulation, governance reforms and ownership changes, resulting from privatization, on mandatory disclosure compliance of a sample of 80 non-financial, listed Jordanian companies for the years 1996 and 2004. Employed two checklists based on the International Financial Reporting Standards (IFRS) extant in the years 1996 and 2004, they found that disclosure compliance with the IFRS is significantly higher in 2004 than that in 1996. Results indicated that disclosure regulation reforms produced the most significant influence on mandatory disclosure compliance. Further, governance reforms through the mandate of audit committees emerged as a significant determinant of compliance with mandatory disclosure requirements.

Mardini, Crawford, and Power (2012) in their study entitled "The impact of IFRS 8 on disclosure practices of Jordanian listed companies" compared the segmental information disclosures of Jordanian companies under IFRS 8 for 2009 with disclosures under IAS 14R for 2008. A sample of 109 Jordanian companies is used in this research. A disclosure index checklist was constructed to assess the segmental information provided by the sample companies. In particular, the checklist collected information about: the number of segments reported; the number and type of segmental items published; the geographic segment definitions. The results suggested that segmental disclosures under IFRS 8 have increased compared to the information published under IAS 14R. There is an increased in the number of companies disclosing segmental information while the number of business and geographic segments for which information is provided rose under IFRS 8. Items required under the previous standard (IAS 14R) are still being provided in 2009, and the new segmental information required (if reviewed by the CODM) under IFRS 8 is also disclosed. As a result, the total number of segmental items disclosed increased. Moreover, a majority of companies identified the CODM as the chief executive officer (areas) used; and the identity of the chief operating decision maker (CODM).

Saaydah (2012a) carried out research on "IFRS and Accounting Information Quality: The Case of Jordan" examined the influence to apply IFRS by Jordanian registered firms on the values relevant (qualities) of accountings information when settings the values of the company in stock markets. The sampling comprises of 11 banks as well as 34 industrial firms. The analysis had been depends on sampling companies' annual data of 4 individuals years in the periods 1996-2009. The method includes usage of a cross sectional OLS regression model which explained markets values of company utilizing IFRS based accountings information (books values, earning, operating cash flows as well as discretional accrual). Each year testing findings were mixed and there is not reliable set of accountings variable able to explain the markets values of a company throughout the whole periods of the research. One likely clarification of this total finding is that IFRS are used today slightly in Jordan.

Daas (2014) carried out research on "The Impact of IAS vs. IFRS(Voluntary) and IFRS(Voluntary) vs. IFRS(Mandatory) on Accounting Quality over Time: Inferences from Jordan" investigated the influence of applying IFRS by Jordanian registered firms on the values relevant (qualities) of accountings financials reports. Employed a sampling of Jordanian banks as well as industrial firms reporting under IAS during 1997-2002 periods and IFRS Voluntary in 2003-2005 periods and IFRS Mandatory during 2006-2014 periods according to measures of earning managements, timely loss recognition and price earning connection. The outcomes showed that they were not able to find systematic proof that IFRS result enhanced accountings qualities for mandatory adopter thru the last years. Their results on earning and books values of equities are becoming less values relevance in the IFRSM periods comparing to both the IAS and the IFRSV period results on earning smoothing and timely loss recognitions corroborated hugely, whereas results with respect to the values relevant of accountings financials reporting. They did not find any changes in meeting earning targets for IFRS accepting relating to Jordanian firms. Additional analysis showed that the values relevant (qualities) of accountings financials reporting had deteriorated with the acceptance of IFRS over times.

Tahat, Dunne, Fifield, and Power (2016) performed research on the topic "The value relevance of financial instruments disclosure: evidence from Jordan" examined the value relevance of financial instrument disclosure (FID) offered by Jordanian registered firms under International Financial Reporting Standard (IFRS 7) as likened to that supply under IAS 30/32;provided proof regarding the value relevance of higher vs lower level of FID; and investigated which elements of FI related information are more values relevance. A sampling of 70 Jordanian registered firms is employed in this paper. A disclosure index checklists had been built to measure FI information offered by the sampling firms. Additionally, a valuation model is used in testing the relationship among FID and market values. Proof is offered that FI information has value relevant over the two times of examination, the information given after the execution of IFRS 7 was more strongly connected with markets values. An analysis of the sub-component of FID reveal that the particulars regarding balance sheet, fair values as well as risks information matters when valuing equities. General, the findings indicated that shareholders value FI connected information when taking decision regarding their equity pricings. The findings suggest that compliance with IFRS mandatory disclosure requirement do yield pertinent financial statement.

Saleem Salem Alzoubi (2016) studied on the title "Ownership structure and earnings management: evidence from Jordan" examined the connection between internal corporate governance mechanisms and earning managements of Jordanian firms. Precisely, they examined numerous hypotheses concerning the associations between ownerships as well as earning managements. Research measured the magnitude of discretionary accrual as a proxy for earning managements utilizing the cross sectional modified Jones model. A number of econometric techniques are utilized inclusive of ordinary least squares and generalised least squares in testing the association between firm ownerships and earning managements, utilizing a sample of 62 firms registered on the Amman Stock Exchange. The findings show that insider managerial ownerships, institutional ownerships, external block holder, family ownerships as well as foreign ownerships have greater impact on financials reporting quality, as it is, to a bigger level, possibly capable to curtail earning managements. The results contended that the aspect of ownerships structure have a important impact on earning managements, which is in agreement with the theories of corporate governance as well as views which had been highlighted via a number of global body.

7. Nawaiseh (2016) set out on title "Impact of External Audit Quality on Earnings Management by Banking Firms: Evidence from Jordan" investigated the informative of audit qualities for estimate in earnings management (EM) in the periods of (2006-2010) of Jordanian Banking Companies registered in Amman Stock Exchange (ASE). Certain leading proxies taken according to audit quality; Audit tenure (AT), Audit fees (AF), and the affiliation with international big auditing firms (INT). Furthermore, other control variables; Financial Leverage (FL), (Return on Assets) ROA, (Return on Equity) ROE, (Cash flow/Total assets) CFO, and EM have been taken into the examination. The population of the research comprises examining (13) Jordanian functioning Commercial Banks thru a five year periods, the author tested the impacts of audit quality on earnings management employing the panel data method. The study found that; (AT), (AF), and the (INT) have important relationship with earnings management. It denotes that, future earnings management forecasts are foreseeable according to audit qualities leading indicators (AT, AFEE, and INT). Adding to firm size, that is, when exterior auditing is carried out, earnings management mitigate. Furthermore, no association is discovered among Leverage, ROA, CFO, and Earnings management.

Masoud (2017) undertook research on the title "The effects of mandatory IFRS adoption on financial analysts' forecast: Evidence from Jordan" examined the impact of the mandatory acceptance of International Financial Reporting Standards (IFRS) on the capability of financial analysts to forecast earning precisely in Jordan in the periods 2002–2013. The method involves the usage of a panel data model and the regression with temporal "dummy" variables in testing the hypotheses formed for the research. The study results presented after mandatory IFRS adoption have enhancements in the capability of analysts in forecasting earnings (reduction in errors and dispersions). These findings are proof of an enhancement in earning qualities of Jordan registered companies after the joint requirements to accept IFRS. The proof from the research similarly presented the discussion on the desirability of the present moves toward single international set of accountings standard as findings are strong to numerous variations in model specification. The research contributed to the prior result that deal with the added quality information content stemming and, more precisely the qualities of earning from mandatory of IFRS acceptance.

Hassan (2018) conducted a research on the title "The role of stock exchange efficiency in earnings quality: Evidence from the MENA region" examined the relationship between stock exchange competence and the qualities of reporting earning for public registered companies from 16 MENA nations between 2001 and 2010. The research showed that there is a positive relationship between stock exchange competence and the qualities of reporting earning which is strong to possible endogeneity concern. In the meantime, the strengths of this association is not affected by the other exogenous factor (i.e. investors protections, legal origins, economic and political shocks). These outcomes are rousted to the addition of industry or nation fixed effect, exclusions of oil industries, and the usage of other measure of earning qualities. The research contributed to the existing literatures on growing the meaning of the stock exchange efficiencies which goes beyond information efficiencies. Furthermore, as nations across MENA regions were going thru restructurings, then a research of the influences of that restructurings on stock exchange efficiency and earning qualities offers insight in the factor that drive stock exchange efficiency in these nations.

Chen and Komal (2018) carried out research on “Audit committee financial expertise and earnings quality: A meta-analysis” The study was to reconciled through meta-analysis the results of 90 studies with 165,529 firm-year observations concerning the relationship between audit committee financial expertise and earnings quality. The results showed that audit committee financial expertise has a positive relationship with earnings quality and that accounting financial experts have a stronger relationship with earnings quality than non-accounting financial experts. Moreover, corporate governance systems, International Financial Reporting Standards (IFRS), and SOX moderate the relationship between audit committee financial expertise and earnings quality. Additional moderators of this relationship are different proxies of earnings quality and audit committee financial expertise, financial experts' independence and busyness, the external auditor's role, and publication quality.

Alshyoukh and Manaf (2018) conducted a research on the title “IFRS Adoption and Earnings Quality in Jordan” Study addressed the relationship between IFRS adoption and earnings quality by critically examining the literature and highlighting the current state of this relationship. The study also provided an explanation for this link between IFRS adoption and earnings quality using the legitimacy theory. It was observed from the literature that two contrasting views come up canvassing for and also refuting the adoption of IFRS and its use by developing countries like Jordan. The legitimacy theory provided an explanation for a positive relationship between IFRS adoption and earnings quality. Following the concerns raised as to how appropriate IFRS would be for the Jordanian environment faced with several institutional weaknesses, it is recommended that the Jordanian government join forces with other governments within the GCC countries to develop a regional accounting standard body that would take into consideration the peculiarity of the specific environment.

Al-Haddad and Whittington (2019) studied on the title “The impact of corporate governance mechanisms on real and accrual earnings management practices: evidence from Jordan” investigated the impact of corporate governance (CG) mechanisms on real (REM), accrual-based earnings management (AEM) and REM/AEM interaction in Jordan following the 2009 Jordanian CG Code (JCGC). The study used a sample of 108 Jordanian public firms covering 2010-2014. Hypotheses are tested using pooled OLS-regression models. The authors found that both institutional and managerial ownership constrain the use of REM and AEM. In contrast, both independent directors and large shareholders were found to exaggerate such practices, and CEO-duality is found to exaggerate REM only. However, foreign ownership does not appear to have a significant impact. They further found that managers use REM and AEM jointly to obtain the greatest earnings impact.

Alshyoukh and Manaf (2019) proposed a model under the topic “The Effects of Mandatory IFRS Adoption on Accounting Information Quality: Empirical Evidence from Jordan” examined the difference between the accountings qualities (value relevance, timely loss recognition, earnings persistence and earnings management) in pre as well as post mandatory IFRS acceptance period in Jordan. Data that cover fifteen years (2001-2003) as pre IFRS acceptance as well as 2004-2015 as post IFRS acceptance) was gathered via annual reporting of the registered industrial and service sectors companies on the Amman Stock Exchange (ASE). The results showed that there are no changes in the values relevance of earning pre and post IFRS acceptance according to the price model, while value relevance of books values of equities had decreased after the IFRS acceptance. The earnings are more values relevant as per the returns model after the IFRS acceptance. Timely loss recognition is meaningfully lesser after the acceptance of IFRS. Earning persistence is augmented after the IFRS acceptance and lastly, earning managements is lesser for the Jordanian companies after the acceptance of IFRS. Additionally, these results imply that IFRS acceptance have not enhanced accountings qualities in Jordan.

Al-Hawatmeh (2020) "Earning Management and International Financial Reporting Standard (IFRS) Implementation Process: Empirical Study" This study aim to study the implementations IFRSs and its impact on earnings management in Jordan .The data for analysis are the registered firms of Amman Stock Exchange (ASE) from periods of 2001-2018, and to find value earnings management (EM), they employed modified Jones model .the findings showed that the implementation IFRS have negative impacts on earnings management.

7. RESEARCH GAP

The present review of academic literature on the adoption of and compliance with IFRS in Jordanian context, has indicated two research topics. These topics includes the association between corporate characteristics and the degree of compliance with IFRS, and the economic consequences of IFRS adoption.

Regarding the sec corporate characteristics and the degree of compliance with IFRS, we find that the results are mixed. Overall, it seems that corporate size, auditor type and leverage are strongly associated with IFRS compliance, while the association with profitability is mixed across studies. Therefore, it seems that agency theory may be relevant to explaining compliance with IFRS in developing countries (Jordan).

Regarding the topic relating to the economic consequences of IFRS adoption, there is a lack of evidence with regard to the effect of a country's economic, legal and political system on IFRS adoption in Jordan.

In the case of Jordan as a model for a developing country that has a lot of ambition to be at par with those of other developed and developing countries, previous studies focused on IFRS in financial sector. It can be also seen in the literature the lack of studies analysing the magnitude international financial reporting standards (IFRS) adoption and the earning qualities but the studies conducted on Jordanian industries are very few in analytical framework. There is still a gap for studying the various issues on Jordanian industries which have not been covered by earlier authors. This study is expected to contribute significantly to the limited research on IFRS and earning quality in Jordanian context.

8. DISCUSSIONS

The present review a number of studies relating to earnings quality and IFRS have been reviewed on the adoption of and compliance with IFRS and its relationship with earning quality. Findings from some studies conducted in Jordan IFRS adoption has not contributed to the reduction of discretionary accruals.

Future research should embark on identifying new theories to explain compliance with IFRS in developing countries that take into consideration the socioeconomic culture of these countries by integrating culture dimensions (e.g. uncertainty avoidance, masculinity, individualism), the degree of market development and the level of corruption. It is recommended that the Jordanian government join forces with other governments to develop a regional accounting standard body that will take into consideration the peculiarity of this specific environment

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