Faculty of Graduate Studies
Al- Quds University

The Impact of Corporate Governance on Risk Management and the Relevance of Accounting Information: An applied study on banks listed on the Palestine and Jordan Stock Exchanges

M.Sc. Thesis

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Jerusalem – Palestine

2025/1446

The Impact of Corporate Governance on Risk Management and the Relevance of Accounting Information: An applied study on banks listed on the Palestine and Jordan Stock Exchanges

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A thesis submitted in Partial Fulfillment of the Requirements for a Master's degree in Accounting and Taxation from the Faculty of Business and Economics, Al-Quds University.

2025/ 1446

Faculty of Graduate Studies

Al- Quds University

Accounting and Taxation

Thesis Approval

The Impact of Corporate Governance on Risk Management and the Relevance of Accounting Information: An applied study on banks listed on the Palestine and Jordan Stock Exchanges

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Master thesis submitted and accepted, Date:21/05/2025

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Dedication

I dedicate this work to those who planted steadfastness in my heart, wisdom in my mind, and light along my path.

To my beloved parents—your endless generosity and unwavering support have been the foundation of my life. After God, all the credit and gratitude for what I have achieved, and what I aspire to achieve, belong to you.

To my dear husband—thank you for your patience, your unwavering support, and your belief in me at every step of this journey.

To my little one—the wellspring of hope that lives in my heart—you are my constant motivation to strive for better and my reason to write a future filled with promise.

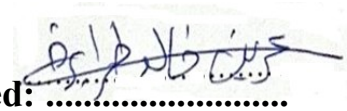
To my dear siblings—your pure hearts and steadfast presence during challenging times have been my everlasting backbone.

To my true friends—you have been the light along my journey, companions in joyful days and in the most demanding moments.

To my esteemed professors—thank you to each one who illuminated my thinking with an idea or guided me with sincere advice. Your impact is deeply appreciated and never forgotten.

Declaration

I certify that this thesis which is submitted to the Deanship of Graduate Studies to get the degree of master in on filed Nursing Management, this is my own research and my own work and it doesn't submit to any other universities or any institutions.

Signed: ..... 

Areen Khalid Tarayra

Date: 21/ 05/ 2025

Acknowledgments

It is with great pleasure and gratitude that I take this opportunity to thank those who made the completion of this thesis possible.

First and foremost, I extend my heartfelt appreciation to Dr. Firas Barakat, whose unwavering support, insightful guidance, and constructive feedback were invaluable throughout my thesis journey. Your encouragement and dedication have been instrumental in shaping this work, and I am deeply grateful for the time and effort you devoted to my academic growth.

Special thanks to my thesis committee members for their invaluable insights, encouragement, and expert advice, which greatly enriched the quality of this work. Your support and understanding played a significant role in the successful completion of this research.

Thank you all for your contributions, guidance, and belief in my abilities.

Areen Khalid Tarayra

List of Definitions

Corporate Governance (CG):	Refers to the system by which companies are directed and controlled. It encompasses principles and practices that organize the relationship between shareholders and the board. (Philip et al., 2011; Hasan & Mohammed, 2022).
Risk Management (RM):	A system of mechanisms established by the board of directors to oversee, control, and adjust risk–return profiles, aimed at reducing exposure and enhancing performance. (Mohammed & Nermeen, 2015; Heinz, 2010).
Relevance of Accounting Information (RAI):	The ability of financial disclosures to influence decision-making by reflecting a firm's value and performance. (Davies & Macfubara, 2018; Tatiana et al., 2012).
Capital Adequacy Ratio (CAR):	Measures a bank's ability to withstand financial risks by comparing available capital to risk-weighted assets. (Rahmawati, 2021).
Non-Performing Loans (NPL):	Loans that are in default or in arrears on scheduled payments, indicating loan portfolio quality. (Rahmawati, 2021).
Operating Costs to Operating Income Ratio (BOPO):	A measure of operational efficiency; lower values indicate better performance. (Rahmawati, 2021).
Earnings per Share (EPS):	Represents net income earned on each share of common stock. (Busari & Bagudo, 2021).
Book Value per Share (BVPS):	Indicates the equity available to each share based on the balance sheet. (Busari & Bagudo, 2021).
Operating Cash Flow (OCF):	Cash generated from a company's core business operations. (Busari & Bagudo, 2021).

List of Abbreviations

CG: Corporate Governance

RM: Risk Management

RAI: Relevance of Accounting Information

CAR: Capital Adequacy Ratio

NPL: Non-Performing Loans

BOPO: Operating Costs to Operating Income Ratio

EPS: Earnings per Share

BVPS: Book Value per Share

OCF: Operating Cash Flow

ASE: Amman Stock Exchange

PEX: Palestine Exchange

OECD: Organization for Economic Co-operation and Development

FASB: Financial Accounting Standards Board

PLS-SEM: Partial Least Squares Structural Equation Modeling

ERM: Enterprise Risk Management

TMT: Top Management Team

TOE: Technology Organization Environment (framework)

Abstract

Background: Corporate governance plays a key role in ensuring effective risk management and enhancing the quality of accounting information in the banking sector. Good governance practices, such as an independent board and an appropriate ownership structure, can improve decision-making, strengthen financial stability, and promote transparency. However, in Palestine and Jordan, there is limited empirical evidence on how governance mechanisms influence risk management outcomes and the usefulness of accounting information for stakeholders.

Study Aim: This study aims to examine the impact of corporate governance on risk management and the importance of accounting information in banks listed on the Palestine and Amman Stock Exchanges between 2019 and 2023.

Methods: A descriptive analytical approach was adopted. Governance was assessed using board size, board independence, ownership structure, number of board meetings, and academic qualifications of board members. Risk management was measured through the capital adequacy ratio, non-performing loans ratio, and the operating costs-to-operating revenues ratio. The importance of accounting information was evaluated using earnings per share, book value per share, and cash flow from operations. Panel data analysis was conducted on a sample of 20 banks (6 Palestinian and 14 Jordanian) using multiple linear regression with EViews software.

Results: The findings revealed a statistically significant relationship between corporate governance indicators, selected risk management measures, and the importance of accounting information. Board independence and the frequency of board meetings were positively associated with improved capital adequacy ratios and operational efficiency. In contrast, board size and the academic qualifications of members showed mixed effects.

Conclusions: Strengthening board independence, enhancing the effectiveness of board meetings, and improving ownership structures are recommended to optimize risk management and financial disclosure in Palestinian and Jordanian banks. Such measures can contribute to more transparent, stable, and efficient banking operations in both markets.

Keywords: Corporate Governance, Risk Management, Accounting Information Relevance, Capital Adequacy, Non-performing Loans, Operational Efficiency, Board Structure, Ownership Structure, Panel Data, Banks, Palestine Stock Exchange, Amman Stock Exchange.

Chapter One

The General Framework of the Stud

1.1Introduction

Corporate governance refers to the system by which companies are directed and controlled. It encompasses the principles and practices that guide the relationship between shareholders and the board, focusing on areas that fall within their authority to decide and execute, as outlined in codes of best practice. (Philip et al., 2011)in recent years, corporate governance has attracted growing global attention due to its fundamental role in promoting transparency, accountability, and safeguarding the rights of shareholders. Robust governance frameworks are not only essential for enhancing institutional performance but also serve as a vital tool in managing various forms of risk particularly financial and operational which is crucial for long-term stability and growth. This becomes even more significant in emerging and developing economies, where structural, economic, and political uncertainties underscore the need for effective governance mechanisms.

Within the Palestinian and Jordanian banking sectors, corporate governance has emerged as a key determinant of financial resilience and risk mitigation. Banks in these markets operate under complex and often volatile conditions, making the implementation of sound governance practices imperative for ensuring financial stability and enhancing the relevance and reliability of accounting information. The stock exchanges in both countries namely the Palestine Exchange (PEX) and the Amman Stock Exchange (ASE) host a range of banking institutions exposed to diverse internal and external risks, including liquidity constraints, credit risk, and regulatory pressures.

Financial risk is measured using indicators such as the debt-to-equity ratio, while liquidity and profitability are assessed using the current ratio and return on assets (ROA),

respectively. The relevance of accounting information is evaluated through qualitative and quantitative indicators reflecting timeliness, reliability, and predictive value.

Through this analysis, the research seeks to contribute to the academic and practical understanding of corporate governance's role in risk management and accounting information quality, particularly in emerging markets. The findings are expected to inform policymakers, regulators, and banking professionals, and provide recommendations for improving governance standards and financial reporting in the Palestinian and Jordanian banking sectors.

1.2 Study problem

There remains a lack of empirical evidence regarding its role in managing risk and improving the relevance of accounting information within the banking sectors of emerging economies particularly in Palestine and Jordan. While many studies have examined corporate governance in developed markets, limited research has focused on how governance structures affect risk management and the quality of financial reporting in the context of banks operating under economic volatility, political uncertainty, and evolving regulatory environments.

This research addresses the gap by investigating the extent to which corporate governance mechanisms such as board size, board independence, ownership concentration, and the presence of audit committees affect both risk management practices and the relevance of accounting information in banks listed on the Palestine and Jordan stock exchanges. Understanding these relationships is essential for enhancing the performance, transparency, and resilience of the banking sector in these two emerging markets.

Research question: What is the impact of corporate governance mechanisms on risk management practices and the relevance of accounting information in banks listed on the Palestine and Jordan Stock Exchanges?

1.3 Objectives of the study

The primary objective of this research is to examine the relationship between corporate governance, risk management, and the relevance of accounting information in banks listed on the Palestine and Jordan Stock Exchanges. Specifically, the study aims to:

i. To examine the effect of corporate governance, represented by (Board Size, Board Independence, Ownership Structure, Number of Board Meetings, and Board Educational Level), on risk management in Palestinian and Jordanian banks.
ii. To analyze the relationship between corporate governance and each of the following risk indicators: Capital Adequacy Ratio, Non-Performing Loans, and Operating Costs to Operating Income Ratio in Palestinian and Jordanian banks.

iii. To study the impact of corporate governance on the relevance of accounting information, measured by Earnings per Share, Book Value per Share, and Cash Flow from Operations, in Palestinian and Jordanian banks.
iv. To determine the combined effect of corporate governance variables on the efficiency of risk management and the quality of accounting information in banks.
v. To provide recommendations for enhancing corporate governance practices in Palestinian and Jordanian banks to support risk management and improve accounting disclosure quality.

1.4 Significance of the Study

This study is particularly significant due to the essential role corporate governance plays in promoting financial transparency, mitigating risks, and enhancing the relevance of accounting information especially in the banking sector of emerging economies such as Palestine and Jordan. Given the economic and political complexities in these markets, effective governance mechanisms are crucial for ensuring financial stability, investor confidence, and sustainable growth.

By examining the relationship between corporate governance, risk management, and the relevance of accounting information, this research provides valuable insights for banks, regulators, and policymakers. The findings can contribute to improving governance frameworks, strengthening risk management practices, and enhancing financial reporting standards in the Palestinian and Jordanian banking sectors. Moreover, this study bridges an existing gap in the literature by offering empirical evidence on how corporate governance practices influence risk management and financial information quality in emerging financial markets.

1.5 Research Questions

1.5.1. Main Research Questions

i. What is the effect of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, measured by (Capital Adequacy Ratio, Non-Performing Loans, and Operating Costs to Operating Income Ratio), in Palestinian and Jordanian banks?
ii. What is the effect of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by (Earnings per Share, Book Value per Share, and Cash Flow from Operations), in Palestinian and Jordanian banks?

1.5.2 Sub-Research Questions

i. What is the relationship between corporate governance and the Capital Adequacy Ratio?

ii. What is the relationship between corporate governance and the Operating Costs to Operating Income Ratio?
iii. What is the relationship between corporate governance and Non-Performing Loans?
iv. What is the relationship between corporate governance and Earnings per Share?
v. What is the relationship between corporate governance and Book Value per Share?
vi. What is the relationship between corporate governance and Cash Flow from Operations?

1.6 Study Model

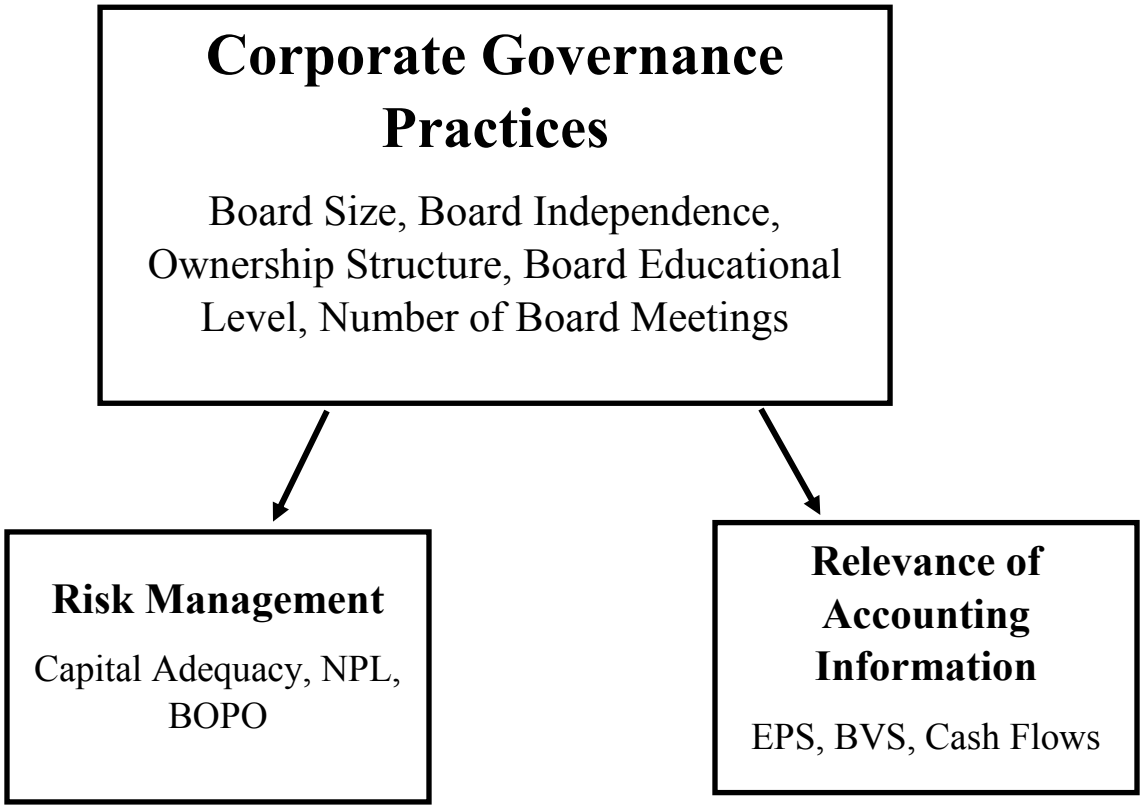


Figure 1.1: Linking Corporate Governance Practices to Risk Management and Accounting Information Relevance: The Study's Conceptual Framework

1.7 Hypotheses

1.7.1. Main Hypothesis One

There is no statistically significant effect at the 0.05 significant level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management, measured by (Capital Adequacy Ratio, Non-Performing Loans, and Operating Costs to Operating Income Ratio) in Palestinian and Jordanian banks.

- **Sub-Hypothesis One**

  There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, measured by the Capital Adequacy Ratio, in Palestinian and Jordanian banks.

- **Sub-Hypothesis Two**

  There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, measured by the Operating Costs to Operating Income Ratio, in Palestinian and Jordanian banks.

- **Sub-Hypothesis Three**

  There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, as measured by Non-Performing Loans, in Palestinian and Jordanian banks.

1.7.2. Main Hypothesis Two

There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by (Earnings per Share, Book Value per Share, and Cash Flow from Operations), in Palestinian and Jordanian banks.

- **Sub-Hypothesis Four**

  There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the

relevance of accounting information, measured by Earnings per Share (EPS), in Palestinian and Jordanian banks.

- **Sub-Hypothesis Five**

  There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by the Book Value per Share, in Palestinian and Jordanian banks.

- **Sub-Hypothesis Six**

  There is no statistically significant effect at the 0.05 significance level ($\alpha \leq 0.05$) of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations, in Palestinian and Jordanian banks.

1.8. Boundaries of the Study

1.8.1. Temporal Boundaries

This study covers the period from 2019 to 2023. This period was selected due to its significance in terms of the economic and financial developments in the banking sector in Palestine and Jordan, and the impact of corporate governance and risk management practices on the performance of banks during these years.

1.8.2. Spatial Boundaries

The study is limited to the banks listed on the Palestine Exchange (PEX) and the Amman Stock Exchange (ASE) in the Hashemite Kingdom of Jordan. These banks were selected due to the availability of the required data and the critical role of the banking sector in supporting the national economy in both Palestine and Jordan.

Chapter Two

Theoretical framework, literature, and hypothesis development

2.1 Introduction

This section highlights previous studies that have addressed the local network and the management of many of them, highlighting the differences in terms of impact and possible applications. This section also aims to analyze the trends of previous research, and identify the creative gaps that can be achieved through the current study in an exception, especially in the Palestinian Joint Stock Companies Conference, where the local environment is characterized by distinctive and diverse economic characteristics.

2.2. Concepts of the study variables

2.2.1. Corporate Governance

According to (Hasan& Mohammed, 2022)corporate governance (CG) refers to the framework of rules and mechanisms that guide and constrain corporate decision-making processes. Its primary objective is to mitigate agency problems arising from the separation between ownership and control, thereby fostering a structured relationship between stakeholders and top management. An effective CG system ensures that managers are incentivized to act in the best interests of stakeholders while also promoting transparency regarding managerial actions. Consequently, it helps maintain a balance between the interests of shareholders and managerial authority. Since effective corporate governance revolves around establishing processes that guarantee external investors a fair return on their investments, director stock ownership has been proposed as a useful indicator of governance quality. This perspective is particularly relevant for public policymakers and long-term investors, given their vested interest in sustainable corporate performance. Additionally, scholars in the field of corporate governance are encouraged to adopt director stock ownership as a governance metric, as it enhances the

comparability of findings across various studies (Sanjai & Brian, 2019). Corporate governance plays a crucial role in ensuring a company's survival, growth, and overall economic stability. It serves as a mechanism that connects surplus capital holders seeking investment opportunities with those in need of financing, thereby facilitating the efficient allocation of resources in the market. Effective corporate governance practices foster trust and assurance among stakeholders and shareholders by safeguarding their rights and financial interests. Moreover, such practices enhance a company's ability to access international funding more easily and at lower borrowing costs (Naser & Khaled, 2020).

2.2.1.1. The importance of corporate governance

Good corporate governance is fundamental to a company's long-term success and sustainability. It contributes to effective financial risk management and has a positive influence on financial performance. Corporate governance encompasses the systems and mechanisms employed to oversee and control managerial actions, ensuring accountability to stakeholders. A central element of sound governance is the board of directors, which plays a vital role in supervising the company's risk management strategies. A well-structured board particularly one that includes independent directors and maintains clear communication with supervisory bodies can significantly enhance the efficiency of a company's risk management processes (Irwan, 2023).Corporate governance refers to the system through which companies are directed and controlled. According to the Committee, the governance framework clearly defines the responsibilities of key stakeholders: the board of directors is primarily accountable for overseeing the governance of the company, while shareholders play a pivotal role by appointing directors and auditors and ensuring that a suitable governance structure is effectively established and maintained. (Philip et al, 2011).

2.2.1.2. Corporate governance and firm performance

The study identifies a positive relationship between the quality of corporate governance and the level of disclosure, as firms with stronger governance practices tend to release a greater number of price-sensitive announcements to the Australian Securities Exchange (ASX) (Philip et al, 2011). The researchers also explore the concept of "timeliness of price discovery", defined as the speed at which a firm's share price converges to its end-of-year value. Their findings indicate that Australian companies with higher corporate governance standards exhibit more timely price discovery. This outcome aligns with the observation that these firms disclose more performance-related information throughout the year.According to (Irwan, 2023) Strong corporate governance has been linked to improved investment efficiency and a reduction in the risk associated with financial information disclosure. Evidence from firms listed on the Tehran Stock Exchange demonstrates that higher governance quality enhances investment efficiency and lowers the likelihood of financial misreporting. This suggests that effective governance mechanisms can help mitigate agency conflicts, limit managerial earnings manipulation, and improve the reliability of corporate performance assessments. However, what remains a central concern for firms, regulators, and economists is whether and to what extent corporate governance influences firm performance. The prevailing view in the literature is that the relationship between governance and performance is endogenous,

potentially shaped by other unobserved firm-specific factors. Due to this indigeneity, governance structures that maximize value in one firm may not necessarily do so in another. Consequently, the equilibrium relationship between governance choices and shareholder value remains ambiguous. Overall, empirical research that accounts for this endogenous relationship finds, at best, limited support for the notion that better corporate governance consistently enhances firm value. (Philip et al, 2011).

2.2.1.3.Principles of Corporate Governance

The principles of corporate governance were established by the Organisation for Economic Co-operation and Development (OECD) and have since served as a foundational framework for policymakers, legislators, investors, and companies operating in financial markets. According to the OECD, six core corporate governance principles were officially introduced and implemented in 2004, providing guidance on accountability, transparency, and the rights and responsibilities of stakeholders.(Tapanjeh, 2009):

- **Establishing an Effective Corporate Governance Framework:**

The corporate governance system should be supported by sound market regulations that clearly define the roles and responsibilities of key executive, regulatory, and supervisory bodies. The framework should promote both transparency and market efficiency.

- **Protecting Shareholders' Rights:**

The governance structure must safeguard shareholders' rights in a straightforward and enforceable manner, ensuring that they can participate and be fairly treated in corporate processes.

- **Equitable Treatment of Shareholders:**

All shareholders, including minority and foreign investors, must be treated equally. The corporate governance system should prevent any form of unfair advantage or abuse of power by controlling shareholders.

- **Recognition of Stakeholder Rights and Cooperation:**

The framework should encourage constructive cooperation between corporations and stakeholders (such as employees, creditors, and the community) to generate sustainable value, while respecting their legally protected rights.

- **Disclosure and Transparency:**

Timely and accurate disclosure of all material matters related to the company such as financial performance, ownership structure, and governance policies must be ensured to enhance investor confidence and market discipline.

- **Responsibilities of the Board:**

The board of directors is responsible for guiding corporate strategy, overseeing management, and ensuring accountability to both shareholders and the organization. The governance framework must also ensure effective board oversight and integrity in decision-making.

2.2.2. Risk Management

A risk management system refers to the collection of mechanisms established by the board of directors that govern the processes of standard setting, compliance monitoring, reporting, verification, decision-making, and implementation. These mechanisms are designed to oversee, control, and, when necessary, adjust the risk–return profile of the bank's future cash flows, thereby influencing both the quality and scope of the bank's operational activities (Mohammed & Nermeen, 2015). Risk management was traditionally viewed as a tool to mitigate, and potentially eliminate, the adverse consequences of various exposures. However, in recent decades, the increasing dynamism and complexity of the business environment have elevated risk management to a central concern for stakeholders. It has since evolved into one of the fastest-growing disciplines in both corporate and financial settings. Nonetheless, the definition, application, and objectives of risk management vary significantly depending on the perspective from which it is examined be it strategic, operational, regulatory, or financial (Hamdu & Adriana, 2016). According to (Heinz, 2010) Risk management is a comprehensive process that involves the identification, assessment, and strategic response to potential risks, utilizing available managerial resources to mitigate or control their impact. Traditional risk management often addresses risks arising from physical or legal sources, such as natural disasters, accidents, or liability issues. In contrast, financial risk management focuses on managing risks such as market, credit, or liquidity risk through the use of financial instruments and hedging strategies. The primary objective of risk management is to reduce exposure to identified risks within a specific domain to an acceptable level, thereby enhancing organizational resilience and performance.

2.2.2.1. Risk Management and Company Performance

On the other hand, risk management involves delivering continuous, relevant, and reliable information to executives and personnel across all organizational levels. It also includes the design and implementation of practical frameworks and systems that support informed and well-founded risk-related decision-making. Importantly, the objective of risk management is not solely limited to minimizing risk or avoiding adverse situations. Given that business operations inherently involve exposure to various uncertainties, the broader aim of effective risk management is to strike a balance between risk and return. This dual approach allows risk management to function as both a defensive tool to protect the organization and an offensive strategy to seize opportunities and enhance value (Hamdu & Adriana, 2016).

Companies should view risk management not merely as a defensive mechanism, but also as a critical success factor for ensuring the sustainability of earnings and enhancing

overall business performance. An effective risk management system has a direct impact on a firm's profitability, as it contributes to more stable financial outcomes and informed strategic decision-making (Hamdu & Adriana, 2016).

2.2.2.2The risk management steps according to (Heinz, 2010)

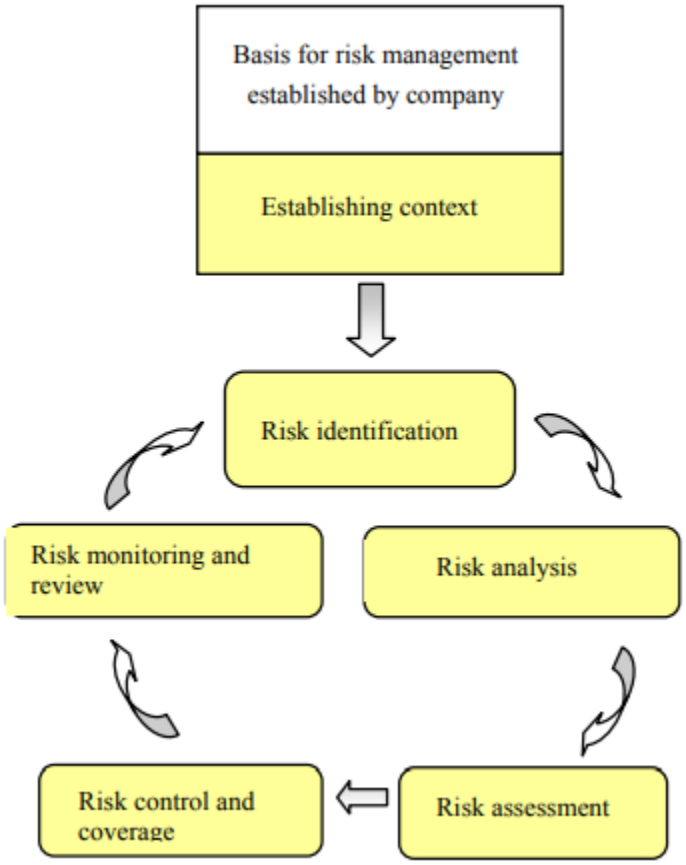


Figure 2.2 Stages of the Corporate Risk Management Process

2.2.2.3.Types of Risks

According to Mohammed & Nermeen (2015), Banks are exposed to several key categories of risk that they must manage effectively to ensure stability and performance. The five major types of risks commonly encountered include credit risk, market risk, liquidity risk, operational risk, and compliance risk. According to Greuning and Bratanovic, these risks are largely the result of both financial and non-financial decisions made within banking institutions. Moreover, risks may also arise from the formulation and execution of operational strategies and loan portfolio management, further emphasizing the need for robust and adaptive risk management frameworks in the banking sector.

2.2.2.4.Strategies for Risk Management

It is noteworthy that previous studies have placed greater emphasis on credit risk management compared to other types of risk, often identifying risk transfer as the most effective strategy for mitigating adverse effects on business operations. A comprehensive theoretical overview of internal control and risk management in the banking sector is essential for understanding their influence on overall performance particularly within the context of the Palestinian banking sector following reform efforts. Before proceeding with the primary research aimed at examining these impacts, the following section provides a brief overview of the current status of internal control and risk management systems in Palestine.(Mohammed & Nermeen, 2015)

2.2.2.5.Risk Management Control

It is important to emphasize that an organization's internal control system must be clearly defined to provide reasonable assurance in achieving its objectives, recognizing potential threats, and assessing associated risks. To ensure effectiveness, internal control activities should be evaluated in relation to the organization's goals and the risks that may hinder their achievement. Moreover, a robust internal control system should include mechanisms for assessing both internal and external indicators of threats that could impact the organization's performance and stability(Eniola, 2020).

2.2.2.6.Risk Assessment

Risk is defined as the possibility that an event may occur and negatively impact the achievement of an organization's objectives. Risk assessment is a dynamic and iterative process used to identify and evaluate risks that may hinder the attainment of those objectives. This process serves as the foundation for determining appropriate risk response strategies, guiding how risks will be managed and mitigated within the broader framework of internal control and organizational planning(Owolabi & Amosun, 2020)**.**

2.2.3.Corporate governance and Risk Management

Good corporate governance can significantly enhance risk management practices within firms. For instance, empirical evidence from a study on Indonesian banks revealed that the implementation of sound corporate governance mechanisms has a measurable impact on both credit risk and liquidity risk. Moreover, corporate governance may indirectly influence financial risk through its effect on financial performance. In support of this, a study on Deutsche Bank identified a significant positive relationship between intellectual capital efficiency and financial performance. These findings suggest that effective corporate governance not only strengthens internal oversight but also contributes to improved financial outcomes, thereby reducing exposure to financial risk (Irwan, 2023).Effective risk management enhances accountability among stakeholders, thereby strengthening corporate governance and contributing to the organization's strategic competitive advantage. The integration of risk management activities along with proper documentation of the entire risk management process can significantly support the identification of business opportunities and promote the sharing of knowledge and best

practices across the organization. Ultimately, a well-integrated and effective risk management system is expected to lead to more sustainable resource allocation, resulting in improved organizational performance and long-term resilience(Hamdu & Adriana, 2016).

2.2.4.Relevance of Accounting Information

High-quality accounting information is essential for the effective functioning of capital markets and the broader economy. It holds significant importance for investors, companies, and accounting standard-setters alike. One key attribute of such information is its value relevance, which refers to the ability of financial statement disclosures to reflect and summarize a firm's value. Value relevance is typically assessed by examining the statistical relationship between financial information and market-based indicators, such as stock prices or returns. In today's highly uncertain and volatile business environment, the demand for value-relevant financial information has become even more critical to support informed decision-making and reduce information asymmetry.(Davies&Macfubara, 2018).For accounting information to be useful and decision-relevant, it must possess a set of qualitative characteristics, including: understandability, relevance, faithful representation (credibility), and substance over form, neutrality, prudence, completeness, and comparability. These attributes ensure that financial reports provide a true and fair view of a company's financial position and performance. Moreover, with appropriate adjustments, these qualitative features can also be extended to fiscal information, particularly emphasizing the objectivity of data in relation to actual taxable events and the fair basis of taxation (Tatiana et al, 2012).

2.2.4.1.Importance of Accounting Information

According to (Tatiana et al, 2012) Given the importance of providing useful accounting information through the proper identification and resolution of key issues related to its production and use, this matter has attracted significant attention from both professional bodies and legislative authorities. As a result, within the broader framework of accounting standardization and harmonization, various regulations have been introduced to establish a common language that ensures the communication, understanding, and comparability of accounting information across different jurisdictions and reporting entities. (Nasrin et al, 2019) the primary objective of financial statements is to provide useful information that supports a wide range of users particularly investors and creditors in making informed economic decisions. Financial reporting aims to deliver high-quality information about the financial performance and position of economic entities, thereby enhancing the usefulness of financial data in decision-making processes. The importance of financial reporting is universally acknowledged, as it serves as a foundation for accountability, transparency, and trust in financial markets. In essence, the quality of financial reporting is defined by the usefulness of accounting information to its users. For financial reports to be useful, the information presented must adhere to a set of qualitative characteristics, including: understandability, relevance, faithful representation (credibility), and substance over form, neutrality, prudence, completeness, and comparability. These attributes ensure that the information provided reflects the economic reality of transactions and allows users to reliably compare and interpret

financial data across time and entities. Furthermore, with appropriate adaptations, these qualitative characteristics can also be extended to fiscal information, where an emphasis on objectivity and alignment with actual taxable events enhances the fairness and reliability of tax reporting. (Tatiana et al, 2012)

According to the FASB (2010), while accounting information is grounded in two fundamental qualitative characteristics relevance and faithful representation its overall usefulness is further enhanced by a set of enhancing qualitative characteristics, namely: verifiability, timeliness, and understandability. These attributes do not substitute the core qualities but serve to improve the decision-usefulness of financial information by making it more reliable, accessible, and easier to interpret for users.

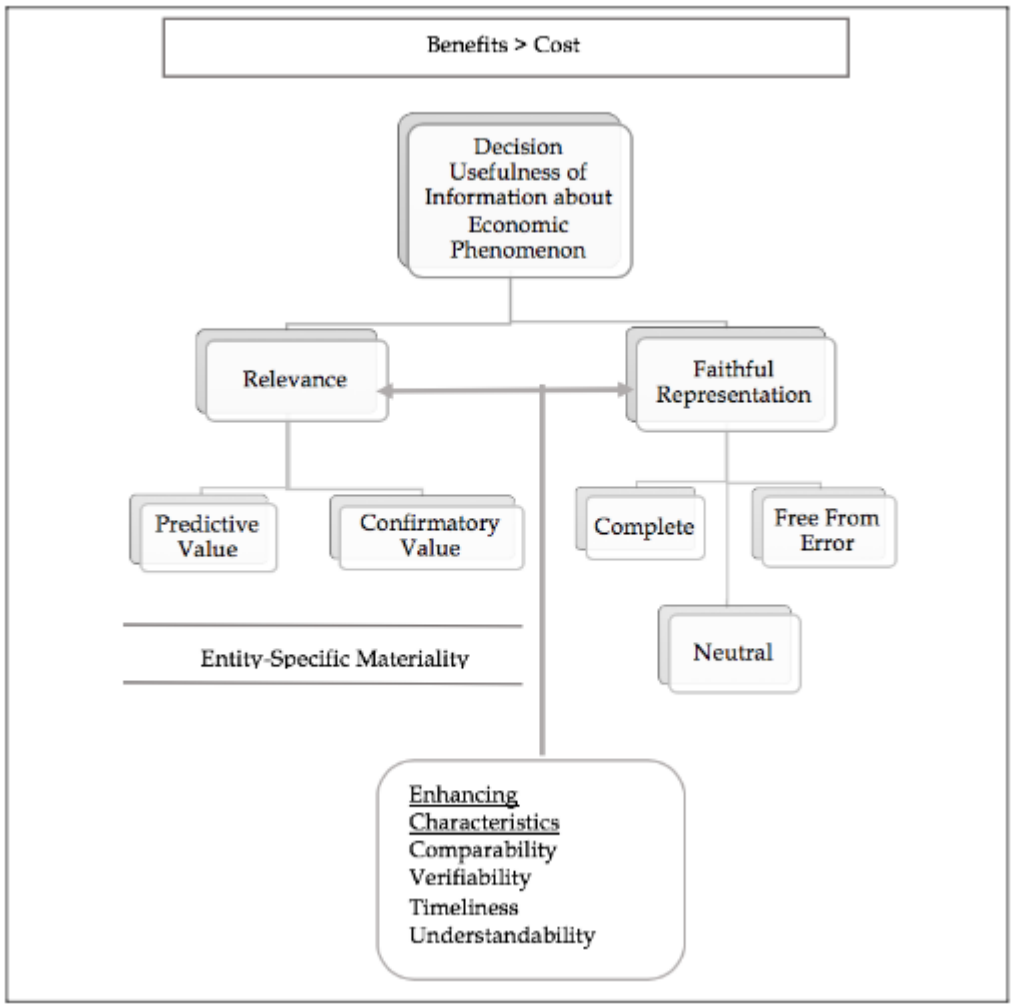


Figure 2.3 Financial Accounting Standards Board (FASB), Statement of Financial Accounting Concepts (SFAC) No.8 September 2010.

Relevance in accounting is demonstrated when the information provided influences decision-making processes. Relevant information contributes to the assessment of past, present, or future events and helps confirm or refute previous evaluations, enabling

necessary adjustments. The degree of relevance depends on both the nature of the information and the materiality threshold used as a reference for judgment. In this context, any omission or misstatement of information that could potentially affect users' decisions is deemed material. To properly assess a company's financial position, performance, and changes over time, as well as the basis for taxation and related fiscal obligations, the information disclosed through both accounting and tax reports must be comparable. Ensuring comparability enables analysts and stakeholders to evaluate the evolution of an entity over time or to compare accounting and fiscal data across different reporting periods or between entities(Tatiana et al, 2012).

2.3. Previous Studies

2.3.1. Studies in Arabic

- **Studyentitled "The Relationship between Corporate Governance and Project Risk Management (ERM)" (Tayseer & Ahmed, 2019).**

The research aims to shed light on providing reasonable assurance in designing a comprehensive and robust internal control system based on a strong foundation represented by corporate governance and the modern internal control framework, namely Enterprise Risk Management (ERM). This system helps economic units achieve their desired goals and objectives, reduce problems, surprises, and risks, as well as enable these units to reach their financial and strategic goals. The study also explores the complementary role between these two systems in enhancing the effectiveness of internal control and reducing institutional risks. The hypothesis of the study, as stated in the text, posits that there is no complementary relationship between corporate governance and Enterprise Risk Management (ERM). The study was designed to test this hypothesis by surveying the opinions of a sample of academics and professionals. Based on the results, the hypothesis was rejected, as the study demonstrated a positive relationship between governance and risk management. This finding confirms that a strong governance system significantly contributes to improving risk management and achieving institutional goals more effectively. The study relied on a questionnaire and data from an academic and professional sample, revealing that the application of effective governance systems enhances institutional performance and strategically guides risk management. The study recommends adopting an integrated approach to activating governance and control, while improving the design of regulatory frameworks to support institutional sustainability and

- **Study entitled "Test the mediating role of information quality in the relationship between Corporate Governance and Banking Risk Management Using the PLS-SEM Methodology"**(Marrif et al, 2021).

The study "Testing the Mediating Role of Information Quality in the Relationship between Governance and Banking Risk Management" aims to examine the relationship between governance mechanisms and risk management with information quality as an intermediary variable. It relied on the structural equation modeling methodology (PLS-

SEM) to analyze data from 48 participants in Algerian banks. Its hypotheses included a direct relationship between governance and risk management, between governance and information quality, and another between information quality and risk management, in addition to an indirect effect of governance on risk management with information quality. The results confirmed the role of quality in strengthening the relationship and activating risk management. The study problem stems from the challenge associated with the agency problem in banks, which results from information asymmetry between parties related to the bank, such as owners, managers, borrowers, and depositors. This increases the importance of information quality and governance mechanisms to enhance banking risk management. The study focuses on testing the impact of governance mechanisms on banking risk management with information quality as an intermediary variable, to determine the effectiveness of this relationship in improving bank performance and reducing financial risks. The study relies on three main variables: 1- Governance mechanisms: including the board of directors, internal audit, and external audit. 2- Information quality: refers to the accuracy, relevance, and completeness of accounting and management information. 3- Banking risk management: relates to how to identify, analyze, and manage banking risks. Information quality is also considered an intervening variable in the relationship between governance and banking risk management. The study showed that information quality has a positive and strong impact on banking risk management, which enhances its effectiveness. It also found that the impact of governance mechanisms on risk management is weak directly, but becomes strong and indirect with the presence of information quality as an intervening variable. The study recommended improving information quality by enhancing the accuracy and transparency of reports, and activating the role of the board of directors and audit committees to ensure compliance with governance. It also stressed the need for the independence of internal and external audit operations to reduce risks, and developing governance mechanisms to enhance trust and banking performance.

- **Study entitled the importance of corporate governance to controlling the practice of earning management Critical analytical study(Muhyi et al, 2020).**

The study aims to analyze the role of corporate governance in controlling earnings management practices that affect transparency and credibility in financial statements. The study relies on a descriptive analytical approach to present the concepts of governance and earnings management, with an extrapolation of the results of previous studies. The study focuses on analyzing the relationship between the application of corporate governance as an independent variable, and its role in controlling earnings management practices as a dependent variable. The study relies on transparency and disclosure as intermediate variables to enhance this relationship, as governance improves the quality of financial reports and reduces illegal practices in preparing financial statements, which contributes to protecting shareholders' rights and enhancing the credibility of financial statements. The hypotheses focus on testing the relationship between governance and the quality of companies' financial performance. The study tested a main hypothesis, which is that corporate governance plays an important role in controlling earnings management practices and reducing manipulation in financial statements, and sub-hypotheses, which are that there is a positive relationship between the level of governance application and transparency in financial reports, disclosure of financial information enhances the

credibility of financial statements and protects shareholders' rights, and the application of governance principles reduces illegal practices associated with earnings management. The most prominent results reached by the researchers were that the application of governance principles enhances transparency in financial statements and limits earnings management practices. They also confirmed that increasing disclosure of financial information improves the credibility of financial reports and enhances the confidence of investors and stakeholders. The application of strict governance mechanisms reduces the chances of profit manipulation and enhances ethical commitment within companies.

- **Study entitled the importance of disclosing accounting information in the stock market in light of corporate governance(Saidi & Oukil , 2021).**

It aims to highlight the role of disclosure and transparency in improving the efficiency of financial markets. It concluded that the application of governance principles enhances the credibility of accounting information, which supports rational investment decisions and increases investor confidence. The study recommends the necessity of adhering to transparency and international accounting standards to improve the quality of financial reports and achieve stability in the markets. The study tested three hypotheses: governance principles enhance transparency and disclosure, disclosure quality positively affects the efficiency of financial markets, and disclosure reduces information asymmetry between parties by adopting a descriptive analytical approach to review previous literature and highlight the role of disclosure in improving confidence and achieving market efficiency. After testing the hypotheses, the study concluded that accounting disclosure improves investor confidence and supports their decisions, governance contributes to reducing financial manipulation and increasing transparency, and improving the quality of information enhances the financial stability of markets. It recommended adhering to international accounting standards, improving disclosure mechanisms to enhance confidence and market efficiency, and supporting control systems to ensure transparency in preparing financial reports.

- **Study entitled activating the role of operational risk management to improve the financial and administrative performance of banks to achieve sustainable development goals: a field study (Mohammedet al, 2022).**

The objective of the study was to demonstrate the significance of operational risk management in banks and to identify the qualitative and quantitative requirements for implementing it. These requirements were outlined in the basic provisions of the Basel II international agreement, which the Central Bank is obligated to follow in order to adopt the best international practices in banking supervision. This implementation aims to achieve the strategic goals of the state and promote sustainable development. The study examined how activating operational risk management affects the financial and administrative performance of banks, and how this, in turn, contributes to the achievement of sustainable development goals. The study was conducted on 17 banks in the Arab Republic of Egypt, all of which are affiliated with the Central Bank. These banks represent 46.15% of the total number of banks in the country.

The key findings of the study revealed a positive and direct impact of activating operational risk management on the financial and administrative performance of banks. Furthermore, it demonstrated that improving the financial and administrative performance of banks has a positive effect on the attainment of sustainable development goals. The study emphasized the crucial recommendations, which highlighted the need to establish separate departments for operational risks. These departments should be empowered through the comprehensive implementation of sound principles and practices in managing and monitoring operational risks, as outlined by the Basel Committee on Banking Supervision. This approach is essential for achieving the bank's strategic goals. Furthermore, it is recommended to expand the application of this system to encompass all branches of the bank, as it brings significant benefits.

2.3.2. Studies in English

- **Study entitled Corporate social responsibility and cost of financing—the importance of the international corporate governance system(Kurtet al, 2019).**

The study investigates the impact of international corporate governance systems on the relationship between corporate social responsibilities (CSR) performance and financing costs (equity and debt). The study relied on the independent variable, which is corporate social responsibility (CSR) performance: measured through environmental and social indicators. The dependent variable, which is financing costs: includes the cost of equity and the cost of debt. The mediating variable, which is the corporate governance system: determines whether the system is directed to shareholders (Shareholder-Oriented) or to stakeholders (Stakeholder-Oriented). The study tested three hypotheses: Hypothesis 1: In shareholder-oriented systems, good CSR performance is associated with lower equity costs; Hypothesis 2: In stakeholder-oriented systems, good CSR performance is associated with higher equity costs; Hypothesis 3: Good CSR performance reduces debt costs for firms nearing bankruptcy in both shareholder-oriented and stakeholder-oriented systems. An international sample of 18,928 companies was used between 2002 and 2011. The study data were collected using a combination of financial databases and CSR performance reports, including the ASSET4 database, which provides standardized information on the environmental and social performance of more than 4,300 companies. In addition, financial data from Bloomberg and Datastream were used to obtain measures of equity and debt costs, while international sources such as the World Bank were used to obtain data on the characteristics of governance systems in different countries. The study found that good CSR performance reduces equity costs by improving stakeholder relationships and reducing risk, increases equity costs as a result of institutional pressure and managerial preferences, and reduces debt costs in both systems due to enhanced trust and risk mitigation.

- **Study EntitledGood corporate governance and corporate sustainability performance in Indonesia: A triple bottom line approach(Bambang et al, 2021).**

The study investigates the impact of corporate governance on sustainability performance using the Triple Bottom Line framework that includes economic, social, and environmental performance. It is based on data from 117 non-financial companies in

Indonesia between 2013-2017. The independent variables include board size, educational background of the chairman and CEO, and management team size, while the dependent variables include economic, environmental, and social performance. The main hypothesis is that corporate governance positively affects the sustainability performance of companies. The results showed a positive impact of board size on economic performance, a negative impact of management team size and higher education on economic and environmental performance and TMT size has a negative effect on economic and environmental sustainability performance and no effecton social sustainability performance.

- **StudyRisk management in sustainable smart cities governance: A TOE framework(Fahim et al, 2021).**

Sustainable smart cities face technical, organizational, and external risks, making their management difficult and vulnerable to manipulation. Based on a comprehensive literature review of 796 systematically retrieved articles, this study proposes a multi-layered risk management framework for sustainable smart city management based on technology, organization, and environment (TOE). A total of 56 risks were identified and divided into TOE categories. There were 17 technical risks, including IoT networks, public Internet management, and user security, accounting for 38.7% of smart city management risks. There were 11 organizational risks, accounting for 15.6%, including user data security, cloud management, etc. There are 28 types of external risks, which contribute 46.7% to smart city governance, including environmental risks, governance risks, integration risks, and security risks of smart cities. In this study, a multi-layered risk management framework based on TOE is proposed to identify and manage risks associated with smart city governance. The framework connects smart citizens through the smart city governance team and the integrated TOE layer. The iterative risk management process of identification, analysis, evaluation, monitoring, and response planning is carried out at the TOE level of the external and internal management levels.28 types of external risks, such as environmental risk, governance risk, integration risk, and smart city security risk, contribute 46.7% to smart city governance. This study proposes a multi-layered risk management framework based on TOE to identify and manage risks associated with smart city governance. The framework connects smart citizens through the smart city governance team and the integrated TOE layer. The iterative risk management process of identification, analysis, evaluation, monitoring, and response planning is carried out at the TOE level of the external and internal management levels.

Chapter Three

Procedures and Methodology

3.1. Methodology

The study methodology represents the approach adopted by the researcher to reach results related to the subject of the research. The researcher employed the descriptive analytical method in the theoretical part of the study. For the applied (empirical) part involving the econometric analysis, the quantitative method was used through time-series cross-sectional data (Panel Data), which represent the financial data of publicly listed Banks in the Palestine and Jordanian Exchange during a specific time period. The E-Views statistical software was primarily used to apply all statistical and econometric methods.

3.2.Independent Variables

3.2.1. Corporate Governance Practices (Barakat et al, 2022)

a. **Board Size:** The number of directors on the company's board.
b. **Board Independence:** The proportion of independent (non-executive) directors on the board.
c. **Ownership Structure:** The concentration of ownership, particularly the percentage of shares held by large shareholders (those holding more than 5%).
d. **Number of Board of Directors meetings**
e. **Board educational:** Number of directors holding postgraduate degrees

3.3. Dependent Variables

3.3.1. Risk Management Measures(Rahmawati, 2021)

a. **Capital Adequacy Ratio (CAR):** This reflects the company's ability to withstand financial and banking risks by determining the adequacy of available capital relative to the risks faced. It is measured using the capital adequacy formula.
b. **Operational Costs to Operating Income Ratio (BOPO):** This indicates the efficiency of the company's operational processes. The lower the ratio, the more efficient the company's performance.
c. **Non-Performing Loans (NPL):** This measures the quality of loans provided by the company or bank. A higher NPL ratio indicates weaker risk management.

3.3.2.Relevance of accounting information (Busari & Bagudo, 2021)

a. **Earnings per Share (EPS):**Represents the profitability of a company allocated to each outstanding share of common stock, reflecting the company's ability to generate earnings for its shareholders.
b. **Book Value per Share (BVs):**Indicates the value of a company's equity available to each outstanding share, providing insight into the intrinsic value of the shares based on the company's balance sheet.
c. **Cash Flow from Operations (OCF):**Measures the cash generated by a company's core operational activities, reflecting its ability to maintain and grow operations without relying on external funding.

3.3.4.Control variables

a. **Firm Size:** Represents the scale of the company, often measured by metrics such as total assets, total revenue, or market capitalization. It influences how the company utilizes resources and reacts to external factors.

Table 3.1 study Variables

Variable Type	Indicator	Description	Measurement Method
Independent Variable (Corporate Governance)	**Board Size**	Number of board members	Actual number of board members (obtained from annual reports)
	Board Independence	Percentage of independent members on the board	(Number of independent members / Total board members) × 100%
	Ownership Structure	Percentage of shares owned by major shareholders (owning more than 5%)	(Number of shares held by major shareholders / Total number of shares) × 100%
	Number of Board Meetings	Number of meetings held annually by the board	Number of board meetings per year
	Board Educational Level	Number of directors holding postgraduate degrees	Count of directors with postgraduate degrees
Dependent Variable (Risk Management)	**Capital Adequacy Ratio (CAR)**	Reflects the bank's ability to absorb financial and banking risks by comparing available capital to risk-weighted assets	(Regulatory capital / Risk-weighted assets) × 100%
	Operating Efficiency Ratio (BOPO)	Measures operational efficiency. Lower ratios indicate better performance	(Operating costs / Operating income) × 100%
	Non-Performing Loans (NPL)	Measures loan quality. Higher NPL ratio indicates weaker risk management	(Total non-performing loans / Total loan portfolio) × 100%
Dependent Variable (Relevance of Accounting Information)	**Earnings Per Share (EPS)**	Indicates shareholder value and profitability	Net profit / Number of outstanding shares
	Book Value Per Share (BVPS)	Reflects the per-share value of shareholders' equity	Total shareholders' equity / Number of outstanding shares
	Cash Flow from Operations (CFO)	Assesses the company's ability to generate cash from core operations	Cash flow from operating activities / Number of outstanding shares
Control Variable	**Firm Size**	Represents the size of the bank	Total assets (obtained from the balance sheet)

3.5. Data Sources

3.5.1. Secondary Data

3.5.1.1 Published articles and researches related to the research topic.

3.5.1.2 Annual reports of listed Banks: Published financial reports that contain information about companies' performance, financial disclosure, and the extent to which companies adhere to internal control standards.

3.6. Study Population

The study population consists of all banks listed on the Palestine Exchange (PEX) and the Amman Stock Exchange (ASE) during the period from 2019 to 2023. This population was selected due to the significant role of the banking sector in supporting the national economies of Palestine and Jordan, and its critical involvement in implementing corporate governance and risk management practices.

3.7. Study Sample

A comprehensive sampling method was applied, including all banks for which sufficient financial and corporate governance data were available during the study period. The final sample consisted of 20 banks, comprising 6 Palestinian banks and 14 Jordanian banks. Banks that lacked complete data or experienced prolonged trading suspensions during the study period were excluded from the sample.

Table 3.2 study sample

Jordanian Banks	Palestinian Banks
Safwa Islamic Bank	Arab Islamic Bank
Bank al Etihad	Bank of Palestine
Arab Banking Corporation	Palestine Islamic Bank
Investment Bank	Palestinian Investment Bank
Cairo Amman Bank	Al Quds Bank
Bank of Jordan	National Bank
Jordan Ahli Bank	
Capital Bank	
Arab Bank	
Jordan Islamic Bank	
Jordan Kuwait Bank	
Housing Bank for Trade and Finance	
Jordan Commercial Bank	
Arab Jordan Investment Bank	

ourF Chapter

Data Analysis and Study Results

To examine the hypotheses of the study, econometric methods were utilized to analyze longitudinal data over time. These methods included:

4.1. Descriptive Statistics

The study relied on desسcriptive statistical measures (mean, median, standard deviation, minimum, and maximum) to describe the data of the study variables.

4.2. Unit Root Test

Before conducting data analysis and hypothesis testing, the stationarity of time series must be verified. Unit root tests (such as the Augmented Dickey-Fuller test - ADF) are used to check for stationarity, which is a key condition in time series analysis to ensure valid and logical results. A time series is considered stationary if:

- The mean value remains constant over time.
- The variance remains constant over time.
- The covariance between any two values of the same variable depends only on the time gap, not on the actual time point.

The ADF test is used to test the following hypotheses:

- Null hypothesis (H_0): The series is non-stationary (contains a unit root).
- Alternative hypothesis (H_1): The series is stationary.

If the null hypothesis is rejected, the series is considered stationary at level. If it is not rejected, the series is considered non-stationary and requires differencing.

4.3. Multiple Linear Regression

The multiple linear regression model was applied to examine the effect of corporate governance on risk management and the relevance of accounting information in Palestinian and Jordanian banks.

4.4. Presentation of Study Results

This section includes a presentation of the data analysis and testing of the study's hypotheses. This is achieved by analyzing the data obtained, reviewing the most prominent results, and examining the study variables. Therefore, statistical processing was performed on the combined data from 2019 to 2023 using the E-Views statistical analysis program to obtain the study results presented and analyzed in this chapter.

4.5. Descriptive Statistics of the Independent Variable: Corporate Governance, Measured by(Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, Board Educational Level)

To identify the characteristics of the data related to the independent variable, the mean, median, standard deviation, minimum, and maximum values were calculated after applying the natural logarithm to the data, as presented in Table 1.

Table 4.1. Descriptive Statistics of the Corporate Governance Variable Measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, Board Educational Level)

Variables	Mean	Median	Std. Dev.	Maximum	Minimum
Board Size	11.59	11	0.954468	14	9
Board Independence	0.26372	0.2727	0.132877	0.4545	0
Ownership Structure	0.651904	0.71824	0.232628	0.9786	0
Number of Board of Directors meetings	8.59	8	2.458114	16	6
Board educational	3.63	4	2.372634	10	0

As shown in Table 4.1, the following observations can be made:

1. The lowest Board Size was recorded by Bank of Palestine in 2021, with a value of 9. The highest board size was found in the Jordan Kuwait Bank in 2020, with a value of 14. The average board size among the Palestinian and Jordanian banks under study during the period from 2019 to 2023 was 11.59, with a median of 12 and a standard deviation of 0.954468.

2. The lowest Board Independence ratio was observed in Al-Quds Bank (2019–2023), Palestine Investment Bank (2019–2022), and Arab Palestinian Investment Bank (2022–2023), with a value of 0.00. The highest board independence was recorded by the Jordan Islamic Bank in the years 2019, 2021, 2022, and 2023, and by the Jordan Commercial Bank during the period 2021–2023, with a value of 0.4545. The average board independence in the studied banks during the period was 0.26372, with a median of 0.2727 and a standard deviation of 0.132877.
3. The lowest value for the Ownership Structure was 0.00, recorded by Bank of Jordan throughout the period 2019–2023. The highest ownership concentration was found in National Bank in 2020, with a value of 0.9786. The average ownership structure across the sample was 0.651904, with a median of 0.71824 and a standard deviation of 0.232628.
4. The lowest Number of Board of Directors' Meetings was 6, recorded by National Bank in 2019, 2020, 2022, and 2023, as well as by Palestine Islamic Bank, Al-Quds Bank, Palestine Investment Bank, and Housing Bank for Trade and Finance during the period 2019–2023. The highest number of meetings was 16, recorded by Capital Bank of Jordan during 2021–2023. The average number of meetings across all studied banks during the period was 8.59, with a median of 8 and a standard deviation of 2.458114.
5. The lowest value for Board Educational Level was 0, observed in Arab Jordan Investment Bank (2022, 2023), Housing Bank for Trade and Finance (2019–2021), Cairo Amman Bank (2019), and Capital Bank of Jordan (2019–2020). The highest value was recorded by Bank of Palestine in 2022, reaching 10. The average board educational level for the banks under study from 2019 to 2023 was 3.63, with a median of 4 and a standard deviation of 2.372634.

4.6. Descriptive Statistics of the Dependent Variables

Risk Management, measured by (Capital Adequacy Ratio, Operating Costs to Operating Income Ratio, Non-Performing Loans), and Relevance of Accounting Information, measured by (Earnings per Share, Book Value per Share, and Cash Flow from Operations).

To identify the characteristics of the data for the dependent variables (Risk Management and Relevance of Accounting Information) as well as the mediating variable (Firm Size), the mean, median, standard deviation, minimum, and maximum values were calculated, as shown in Table 2.

Table 4.2. Descriptive Statistics of the Dependent Variables (Risk Management and Relevance of Accounting Information) and the Mediating Variable (Firm Size).

Risk Management					
Variable	**Mean**	**Median**	**Std. Dev.**	**Maximum**	**Minimum**
Capital Adequacy Ratio	0.169926	0.1635	0.045487	0.512	0.097
Operating Costs to Operating Income Ratio	0.574592	0.5509	0.12469	0.9623	0.244
Non-Performing Loans	0.149151	0.053	0.210614	0.85	0.006
Relevance of Accounting Information					
Earnings per Share (EPS)	0.191698	0.157	0.157782	0.9	-0.07
Book Value per Share	2.171066	1.82	1.039264	8.04	0.86
Cash Flow from Operations	1.65E+08	80703730	2.82E+08	1.24E+09	-1.09E+08
Mediating Variable (Natural Logarithm of Raw Data)					
Firm Size (Log)	9.469845	9.436503	0.369169	10.45993	8.803373

As shown in Table 4.2, the following observations can be made:

1. The lowest Capital Adequacy Ratio was recorded by Al-Quds Bank in 2019, at 0.097, while the highest was recorded by the Jordan Islamic Bank in 2023, at 0.512. The average capital adequacy ratio among the banks under study during the period 2019–2023 was 0.169926, with a median of 0.1635 and a standard deviation of 0.045487.
2. The lowest Operating Costs to Operating Income Ratio was recorded by the Jordan Islamic Bank in 2023, at 0.244, while the highest was recorded by the National Bank in 2020, at 0.9623. The average ratio across the banks under study from 2019 to 2023 was 0.574592, with a median of 0.5509 and a standard deviation of 0.12469.
3. The lowest Non-Performing Loans ratio was reported by Safwa Islamic Bank in 2020, at 0.006, while the highest was recorded by Bank of Jordan in 2023, at 0.85. The average non-performing loans ratio was 0.149151, with a median of 0.053 and a standard deviation of 0.210614.
4. The lowest Earnings per Share (EPS) was reported by the National Bank in 2020, at –0.07, while the highest was recorded by Bank of Palestine in the same year, at 0.9. The average EPS among the studied banks during the period was 0.191698, with a median of 0.157 and a standard deviation of 0.157782.

5. The lowest Book Value per Share was recorded by the Arab Palestinian Investment Bank in 2020, at 0.86, while the highest was recorded by the Palestine Islamic Bank in 2019, at 8.04. The average book value per share during the study period was 2.171066, with a median of 1.82 and a standard deviation of 1.039264.
6. The lowest Cash Flow from Operations was reported by Al-Quds Bank in 2020, at -1.09×10^{8} , while the highest was recorded by the Jordan Kuwait Bank in 2023, at 1.24×10^{9} . The average cash flow from operations was 1.65×10^{8} , with a median of 80,703,730 and a standard deviation of 2.82×10^{8} .
7. The lowest Firm Size (log-transformed) was observed in the Palestine Investment Bank in 2019, at 8.803373, while the highest was recorded by the Arab Bank in 2023, at 10.45993. The average firm size across the banks under study was 9.469845, with a median of 9.436503 and a standard deviation of 0.369169.

4.7. Verifying the Suitability of the Data for Statistical Analysis

Before proceeding with data analysis, model estimation, and hypothesis testing, it is essential to verify the suitability of the data. This includes testing for the normal distribution of the data and the stationarity of the time series, particularly since the Panel Data method was used to present the data.

4.7.1. Normality Test

Prior to applying panel data models, it is necessary to ensure that the dataset is valid and free from outliers. Testing for outliers in the variables—whether dependent or independent—is a prerequisite for applying the study models, as outliers can significantly impact the normal distribution of the data (Mehmetoglu & Jakobsen, 2017).Data are considered to contain outliers if the absolute value of the kurtosis exceeds 2, or the absolute value of the skewness exceeds 1.96 (George & Mallery, 2010). In cases where this condition is not met, the data should be transformed using methods such as the natural logarithm, square root, or other appropriate techniques. To verify this, both kurtosis and skewness coefficients were calculated for all study variables.

Table 4.3. Normality of Data Distribution

Variable	Skewness	Kurtosis
Board Size	0.22	2.47
Board Independence	-0.47	2.29
Ownership Structure	-1.02	3.51
Number of Board of Directors meetings	1.52	5.19
Board educational	0.31	2.39
Capital Adequacy Ratio	4.43	32.03
Operating Costs to Operating Income	0.44	3.55
Non-Performing Loans	1.50	3.64
Earnings per Share (EPS)	1.89	7.67
Book Value per Share	2.31	12.28
Cash Flow from Operations	2.49	8.78
Firm Size (Log)	0.90	3.62

Based on the results presented in Table 3, it is observed that the kurtosis values for the independent and dependent variables ranged between 2.29 and 32.03, while the skewness values ranged from –1.02 to 4.43. This indicates the presence of outliers in both the independent and dependent variables.

To reduce the influence of these outliers on the data, the Winsor zing transformation technique was applied at the 5th and 95th percentiles. This method is preferred for its ability to transform the data effectively without losing any observations (Rousseeuw & Leroy, 1987). The Winsor zing technique was applied to both the independent and dependent variables in this study.

4.7.2. Stationarity Test of the Time Series

The Unit Root Test was used to verify the stationarity of the time series and to determine the order of integration (degree of stationarity) for each series. This was done using the Augmented Dickey-Fuller (ADF) Test. The results are presented in Table 4.

Table 4.4. Unit Root Test Results for the Study Variables

Variable	Level	Difference 1	Difference 2
Board Size	0.7881	0.0001	---
Board Independence	0.7652	0.0000	---
Ownership Structure	0.5127	0.0000	---
Number of Board of Directors meetings	0.1590	0.0032	---
Board educational	0.5667	0.0001	---
Capital Adequacy Ratio	0.8747	0.0000	---
Operating Costs to Operating Income	0.0001	---	---
Non-Performing Loans	0.0000	---	---
Earnings per Share (EPS)	0.0001	---	---
Book Value per Share	0.0000	---	---
Cash Flow from Operations	0.8934	0.0001	---
Firm Size (Log)	0.0000	---	---

Table 4 presents the results of the stationarity test for the study variables. As shown, the variables Operating Costs to Operating Income Ratio, Non-Performing Loans, Earnings per Share, Book Value per Share, and Firm Size were found to be stationary at level.On the other hand, the variables Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, Board Educational Level, Capital Adequacy Ratio, and Cash Flow from Operations became stationary after the first difference.

4.7.3. Panel Data

Panel data models have gained considerable attention in recent decades, particularly in economic studies, as they account for both time-series variation and cross-sectional differences. Panel data are defined as cross-sectional observations measured over specific time periods.

The main advantage of using panel data lies in enhancing prediction accuracy by increasing the number of observations this is achieved by linking the number of cross-sectional units with the number of time periods.

4.8. Estimation of Regression Results

The multiple regression equation approach was adopted in this study. Specifically, the Robust Least Squares regression method was used through M-estimation, which is well-

suited for analyzing financial data that may contain outliers or heterogeneous observations.

The estimation was performed using Huber Type I Standard Errors and Covariance, which improves the accuracy of the estimations in the presence of heteroscedasticity. This method was applied to estimate the econometric model assessing the impact of corporate governance on both risk management and the relevance of accounting information in Palestinian and Jordanian banks.

To test the study hypotheses, static panel data models were employed. The general form of the multiple linear regression model for the static panel, according to the study variables, is as follows:

$$Y_{it} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \cdots + \beta_n X_n + \varepsilon$$

- Y: Dependent variable
- X_1 , X_2 , X_3 , ..., X□ : Independent variables
- β_0 : Intercept (constant term)
- β_1 , β_2 , ..., β□ : Regression coefficients
- ε: Random error term

4.9. Hypothesis Testing

4.9.1. Main Hypothesis One

There is no statistically significant effect at the 0.05 significant level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management, measured by (Capital Adequacy Ratio, Non-Performing Loans, and Operating Costs to Operating Income Ratio) in Palestinian and Jordanian banks.The first main hypothesis gives rise to the second and third sub-hypotheses.

4.9.1.1. Sub-Hypothesis One

There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, measured by the Capital Adequacy Ratio, in Palestinian and Jordanian banks.

A multiple linear regression analysis was conducted to examine the effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on risk management, measured by the Capital Adequacy Ratio, in Palestinian and Jordanian banks. The results are presented in Table 4.5.

Table 4.5. Results of the Multiple Linear Regression Analysis of the Effect of Corporate Governance (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on Risk Management (Capital Adequacy Ratio).

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.0018	0.0004	5.0836	0.0000
Board Size (X1)	-0.0740	0.0131	-5.6387	0.0000
Board Independence (X2)	0.1170	0.0049	23.7489	0.0000
Ownership Structure (X3)	0.0160	0.0070	2.2883	0.0221
Number of Board of Directors meetings (X4)	0.0310	0.0073	4.2611	0.0000
Board educational (X5)	-0.0122	0.0021	-5.8429	0.0000
Robust Statistics				
R-squared	0.0763	Adjusted R-squared		-0.0125
Rw-squared	0.1804	Adjust Rw-squared		0.1804
Akaike info criterion	87.1879	Schwarz criterion		109.9439
Deviance	0.0248	Scale		0.0170
Rn-squared statistic	759.6398	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Risk management as measured by capital adequacy ratio (Y1), Method: Robust Least Squares, Method: M-estimation, M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance.

Based on the data presented in Table 4.5, the following can be concluded:

1. The R-squared statistic reached a value of 0.0763, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and statistical significance of the regression model, confirming a significant effect of the independent variable—corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on the dependent variable, risk management, measured by the Capital Adequacy Ratio.
2. The constant coefficient was 0.0018, indicating that in the absence of any influence from corporate governance (i.e., when all governance-related variables are zero), the Capital Adequacy Ratio would be 0.0018.
3. There is a statistically significant effect of corporate governance—measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on risk management, as measured by the Capital Adequacy Ratio. The individual effects were as follows:

- There is a statistically significant negative effect of Board Size on the Capital Adequacy Ratio. The absolute value of the calculated Z-statistic was 5.6387, which exceeds the tabulated Z-value of 1.96, and the p-value was 0.0000, which is less than 0.05. This indicates that an increase in board size leads to a decrease in the capital adequacy ratio.
- There is a statistically significant positive effect of Board Independence on the Capital Adequacy Ratio. The absolute value of the Z-statistic was 23.7489, greater than 1.96, with a p-value of 0.0000, indicating high statistical significance. This suggests that greater board independence contributes to an improvement in the capital adequacy ratio.
- Ownership Structure has a statistically significant positive effect on the Capital Adequacy Ratio, with a Z-statistic of 2.2883 and a p-value of 0.0221, both indicating statistical significance. This implies that changes in ownership concentration may contribute modestly to enhancing capital adequacy.
- The Number of Board of Directors' Meetings has a statistically significant positive impact on the Capital Adequacy Ratio, as the Z-statistic was 4.2611, greater than 1.96, and the p-value was 0.0000. This indicates that more frequent meetings enhance oversight and facilitate more effective decision-making, thereby improving risk management.
- Board Educational Level shows a statistically significant negative effect on the Capital Adequacy Ratio, with a Z-statistic of 5.8429 and a p-value of 0.0000. This may suggest that a strong emphasis on academic qualifications may not be sufficient to enhance risk management compared to practical experience.

4. It is evident that the adjusted R-squared (R^2) value is 0.1804, which indicates that corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) explains 18.04% of the variation in risk management, as measured by the Capital Adequacy Ratio, in Palestinian and Jordanian banks. The remaining percentage is attributed to other factors not included in the model.

$$\mathbf{Y_1 = (0.0018) - (0.\ 074)X_1 + (0.117)X_2 + (0.016)X3 + (0.031)X_4 - (0.012)X_5}\text{.....}$$

Eq. (1)

Based on Equation (1), it is evident that:

- An increase of one unit in Board Size leads to a decrease in risk management, measured by the Capital Adequacy Ratio, by 0.074.
- An increase of one unit in Board Independence leads to an improvement in risk management by 0.117.
- An increase of one unit in Ownership Structure results in an increase in the Capital Adequacy Ratio by 0.016.
- An increase of one unit in the Number of Board of Directors' Meetings leads to an improvement in risk management by 0.031.
- Conversely, an increase of one unit in Board Educational Level leads to a decrease in risk management by 0.012.

- **Conclusion**

  The null hypothesis (H_0)—which states that there is no statistically significant effect at the 0.05 level of corporate governance (measured by Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management (measured by the Capital Adequacy Ratio) in Palestinian and Jordanian banksis rejected.
  The alternative hypothesis (H_1) which states that there is a statistically significant effect at the 0.05 level ($\alpha \leq 0.05$) of corporate governance on risk managementis accepted.

4.9.1.2. Sub-Hypothesis Two

There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, measured by the Operating Costs to Operating Income Ratio, in Palestinian and Jordanian banks.

A multiple linear regression analysis was conducted to examine the effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management, as measured by the Operating Costs to Operating Income Ratio, as presented in Table 4.6.

Table 4.6. Results of the Multiple Linear Regression Analysis of the Effect of Corporate Governance (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on Risk Management (Operating Costs to Operating Income Ratio).

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.6258	0.0195	32.0928	0.0000
Board Size (X1)	-0.0028	0.0015	-1.8191	0.0689
Board Independence (X2)	-0.1975	0.0114	-17.2860	0.0000
Ownership Structure (X3)	0.0363	0.0060	6.0349	0.0000
Number of Board of Directors meetings (X4)	-0.0021	0.0007	-3.1412	0.0017
Board educational (X5)	0.0080	0.0006	13.9479	0.0000
Robust Statistics				
R-squared	0.0973	Adjusted R-squared		0.0493
Rw-squared	0.1141	Adjust Rw-squared		0.1141
Akaike info criterion	60.8163	Schwarz criterion		87.6065
Deviance	1.0012	Scale		0.1292
Rn-squared statistic	856.9672	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Risk management as measured by Operating costs to operating income ratio (Y2), Method: Robust Least Squares, Method: M-estimation,M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance

Based on the data presented in Table (4.6), the following observations can be made:

1. The R-squared statistic was 0.0973, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and statistical significance of the regression model, confirming a significant effect of the independent variable—corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on the dependent variable, risk management, as measured by the Operating Costs to Operating Income Ratio.
2. The constant coefficient was 0.6258, indicating that in the absence of any influence from corporate governance variables, the Operating Costs to Operating Income Ratio would be 0.6258.
3. There is a statistically significant effect of corporate governance—measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on risk management, as

measured by the Operating Costs to Operating Income Ratio, with the specific effects detailed as follows:

- There is no statistically significant effect of Board Size on the Operating Costs to Operating Income Ratio, as the absolute value of the calculated Z-statistic was 1.8191, which is less than the tabulated value of 1.96, and the p-value was 0.0689, which is greater than 0.05. Therefore, this variable is excluded from the model.
- There is a statistically significant negative effect of Board Independence on the Operating Costs to Operating Income Ratio. The absolute Z-statistic was 17.2860, exceeding 1.96, and the p-value was 0.0000, which is less than 0.05. This reflects the role of independent boards in improving the financial efficiency of institutions.
- Ownership Structure has a statistically significant positive effect on the Operating Costs to Operating Income Ratio, with a Z-statistic of 6.0349 and a p-value of 0.0000. This suggests that changes in ownership concentration may contribute to increased operational risk.
- The Number of Board of Directors' Meetings has a statistically significant negative effect on the Operating Costs to Operating Income Ratio, with a Z-statistic of 3.1412 and a p-value of 0.0017. This indicates that more frequent board meetings may help reduce operational risks by improving financial and administrative decision-making.
- Board Educational Level shows a statistically significant positive effect on the Operating Costs to Operating Income Ratio, with a Z-statistic of 13.9479 and a p-value of 0.0000. This implies that a higher level of academic qualifications within the board is associated with increased operating costs relative to income.

4. The adjusted R-squared (R^2) value was 0.1141, indicating that corporate governance—measured by (Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—explains 11.41% of the variation in risk management, as measured by the Operating Costs to Operating Income Ratio, in Palestinian and Jordanian banks. The remaining percentage is explained by other factors not included in the model.

The dependent variable (Operating Costs to Operating Income Ratio) is represented by the following linear regression equation:

$$\mathbf{Y_2 = (0.6258) - (0.198)X_2 + (0.036)X3 - (0.002)X_4 + (0.008)X_5 \ldots\ldots\ldots\ldots\ldots\ Eq.\ (2)}$$

Based on Equation (2), the following conclusions can be drawn:

- An increase of one unit in Board Independence leads to a decrease in risk management, as measured by the Operating Costs to Operating Income Ratio, by 0.198, indicating improved efficiency.
- An increase of one unit in Ownership Structure results in a reduction in the Operating Costs to Operating Income Ratio by 0.036, reflecting a positive contribution to risk management.

- An increase of one unit in the Number of Board of Directors' Meetings leads to a reduction in the ratio by 0.002, indicating a modest improvement in managing operational risk.
- An increase of one unit in Board Educational Level results in a reduction in the ratio by 0.008, suggesting that academic qualifications may play a supporting role in enhancing risk management related to operational efficiency.

- **Conclusion**

The null hypothesis (H_0) which states that there is no statistically significant effect at the 0.05 level of corporate governance (measured by Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management (measured by the Operating Costs to Operating Income Ratio) in Palestinian and Jordanian banks is rejected.

The alternative hypothesis (H_1) which states that there is a statistically significant effect at the 0.05 level ($\alpha \leq 0.05$) of corporate governance (measured by Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management (measured by the Operating Costs to Operating Income Ratio) is accepted.

4.9.1.3. Sub-Hypothesis Three

There is no statistically significant effect at the 0.05 significance level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on risk management, as measured by Non-Performing Loans, in Palestinian and Jordanian banks.

A multiple linear regression analysis was conducted to examine the effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)on risk management, as measured by Non-Performing Loans (NPLs), as presented in Table 4.7.

Table 4.7. Results of the Multiple Linear Regression Analysis of the Effect of Corporate Governance (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on Risk Management (Non-Performing Loans)

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.0107	0.0017	6.2830	0.0000
Board Size (X1)	0.0473	0.0341	1.3895	0.1647
Board Independence (X2)	0.0562	0.0128	4.3793	0.0000
Ownership Structure (X3)	0.0821	0.0182	4.5189	0.0000
Number of Board of Directors meetings (X4)	0.2122	0.0189	11.2314	0.0000
Board educational (X5)	-0.0180	0.0054	-3.2977	0.0010
@Trend	-0.0005	0.0000	-14.5478	0.0000
Robust Statistics				
R-squared	0.0211	Adjusted R-squared		-0.0941
Rw-squared	0.1338	Adjust Rw-squared		0.1338
Akaike info criterion	138.2792	Schwarz criterion		165.9498
Deviance	0.6021	Scale		0.0662
Rn-squared statistic	383.2644	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Risk management as measured by non-performing loans (Y3), Method: Robust Least Squares, Method: M-estimation, M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance.

Based on the data presented in Table 4.7, the following findings can be concluded:

1. The R-squared statistic was 0.0211, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and statistical significance of the regression model, confirming a significant effect of the independent variable corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the dependent variable, risk management, measured by Non-Performing Loans (NPLs).
2. The constant coefficient was 0.0107, indicating that in the absence of any influence from corporate governance variables, the expected value of Non-Performing Loans would be 0.0107.
3. There is a statistically significant effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on risk management, as measured by Non-Performing Loans, with the effects described as follows:

- There is no statistically significant effect of Board Size on Non-Performing Loans (NPLs). The absolute value of the Z-statistic was 1.3895, which is less than the critical value of 1.96, and the p-value was 0.1647, which is greater than 0.05. Therefore, this variable is excluded from the model.
- There is a statistically significant positive effect of Board Independence on Non-Performing Loans, with a Z-statistic of 4.3793 and a p-value of 0.0000. This implies that greater board independence is associated with higher levels of non-performing loans, possibly because more independent boards may adopt more flexible credit decisions that increase the risk of default.
- Ownership Structure has a statistically significant positive effect on Non-Performing Loans, with a Z-statistic of 4.5189 and a p-value of 0.0000, suggesting that changes in ownership concentration may contribute to increased credit risk.
- The Number of Board of Directors' Meetings also has a statistically significant positive effect on Non-Performing Loans, with a Z-statistic of 11.2314 and a p-value of 0.0000. This indicates that more frequent board meetings are associated with higher levels of defaulted loans.
- Board Educational Level shows a statistically significant negative effect on Non-Performing Loans, with a Z-statistic of 3.2977 and a p-value of 0.0010, indicating that boards with better educational backgrounds may contribute to reduced credit risk and more cautious lending decisions.
- The @Trend coefficient was –0.0005, indicating a significant negative time trend effect on Non-Performing Loans. This suggests that NPLs have been decreasing over time, possibly due to improved credit policies or regulatory reforms.

4. The adjusted R-squared (R^2) value was 0.1338, indicating that corporate governance—measured by (Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—explains 13.38% of the variation in risk management, as measured by Non-Performing Loans, in Palestinian and Jordanian banks. The remaining percentage is explained by other factors not included in the model. The dependent variable (Non-Performing Loans) is represented by the following linear regression equation:

$$\mathbf{Y_3 = (0.0107) + (0.056)X_2 + (0.082)X3 + (0.212)X_4 - (0.018)X_5 - (0005)@Trend\ldots\ldots\ Eq.\ (3)}$$

Based on Equation (3), the following can be concluded:

- An increase of one unit in Board Independence leads to an increase in risk, as measured by Non-Performing Loans, by 0.056.
- An increase of one unit in Ownership Structure results in an increase in NPLs by 0.082, indicating a deterioration in risk management.

- An increase of one unit in the Number of Board of Directors' Meetings leads to a rise in Non-Performing Loans by 0.212, suggesting weakened credit risk control with more frequent meetings.
- An increase of one unit in Board Educational Level results in a reduction in NPLs by 0.018, indicating that a more educated board contributes to improved risk management.

4.9.2.Main Hypothesis Two

There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by (Earnings per Share, Book Value per Share, and Cash Flow from Operations), in Palestinian and Jordanian banks.The second main hypothesis gives rise to the following sub-hypotheses:

4.9.2.1. Sub-Hypothesis Four

There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by Earnings per Share (EPS), in Palestinian and Jordanian banks.

A multiple linear regression analysis was conducted to examine the effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by Earnings per Share (EPS), as shown in Table 4.8.

Table 4.8. Results of the Multiple Linear Regression Analysis of the Effect of Corporate Governance (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the Relevance of Accounting Information (Earnings per Share).

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.3317	0.0158	-20.9571	0.0000
Board Size (X1)	0.0377	0.0012	30.3531	0.0000
Board Independence (X2)	0.4216	0.0090	46.8499	0.0000
Ownership Structure (X3)	0.0206	0.0048	4.2412	0.0000
Number of Board of Directors meetings (X4)	-0.0048	0.0006	-8.2436	0.0000
Board educational (X5)	-0.0005	0.0005	-1.0041	0.3153
@Trend	-0.0108	0.0007	-15.1088	0.0000
Robust Statistics				
R-squared	0.2001	Adjusted R-squared		0.1415
Rw-squared	0.2983	Adjust Rw-squared		0.2983
Akaike info criterion	137.3759	Schwarz criterion		167.1420
Deviance	0.5964	Scale		0.0663
Rn-squared statistic	2507.0280	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Relevance of accounting information as measured by Earnings per share (YY1), Method: Robust Least Squares, Method: M-estimation, M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance.

Based on the data presented in Table 4.8, the following can be concluded:

1. The R-squared statistic was 0.2001, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and statistical significance of the regression model, confirming a significant effect of the independent variable—corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on the dependent variable, relevance of accounting information, as measured by Earnings per Share (EPS).
2. The constant coefficient was –0.3317, indicating that in the absence of any influence from corporate governance variables, the Earnings per Share would be –0.3317.
3. There is a statistically significant effect of corporate governance—measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level)—on the relevance of accounting information, as measured by Earnings per Share (EPS), with the specific effects detailed as follows:

- There is a statistically significant positive effect of Board Size on Earnings per Share (EPS). The absolute value of the Z-statistic was 30.3531, and the p-value was 0.0000, which is less than 0.05, indicating statistical significance. This suggests that an increase in board size enhances earnings per share.
- There is a statistically significant positive effect of Board Independence on EPS, with a Z-statistic of 46.8499 and a p-value of 0.0000, indicating that more independent boards contribute to the relevance of accounting information by improving transparency and oversight.
- Ownership Structure has a statistically significant positive effect on EPS, with a Z-statistic of 4.2412 and a p-value of 0.0000. This implies that ownership concentration may positively influence the quality of accounting information and profitability.
- The Number of Board of Directors' Meetings has a statistically significant negative effect on EPS, with a Z-statistic of 8.2436 and a p-value of 0.0000. This indicates that a higher number of meetings may negatively affect profitability, possibly due to overemphasis on discussions rather than delivering tangible financial results.
- There is no statistically significant effect of the Board Educational Level on EPS, as the Z-statistic was 1.0041, which is less than 1.96, and the p-value was 0.3153, which is greater than 0.05. Therefore, this variable was excluded from the model.
- The @Trend coefficient was –0.0108, indicating a significant negative time trend in EPS, which suggests that earnings per share may be declining over time, possibly due to economic factors or market changes.

4. The adjusted R-squared (R^2) value was 0.2983, indicating that corporate governance measured by (Board Size, Board Independence, Ownership Structure, and Number of Board of Directors' Meetings) explains 29.83% of the variation in the relevance of accounting information, as measured by Earnings per Share (EPS), in Palestinian and Jordanian banks. The remaining percentage is explained by other factors not included in the model.

The dependent variable (Earnings per Share) is represented by the following linear regression equation:

$$\mathbf{YY_1 = (-0.3317) + (0.038)X_1 + (0.422)X_2 + (0.021)X3 - (0.005)X_4 –(0.011)@Trend…..}$$

Eq. (4)

Based on Equation (4), the following results are observed:

- An increase of one unit in Board Size leads to an increase in the relevance of accounting information, as measured by Earnings per Share (EPS), by 0.038.
- An increase of one unit in Board Independence results in an increase in EPS by 0.422, indicating a strong positive effect.
- An increase of one unit in Ownership Structure leads to an improvement in EPS by 0.021, enhancing the relevance of accounting information.

- An increase of one unit in the Number of Board of Directors' Meetings leads to a decrease in EPS by 0.005, suggesting a potential negative effect on accounting information relevance.

- **Conclusion**

The null hypothesis (H_0) which states that there is no statistically significant effect at the 0.05 level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Earnings per Share (EPS), in Palestinian and Jordanian banks is rejected.

The alternative hypothesis (H_1) which states that there is a statistically significant effect at the 0.05 level ($\alpha \leq 0.05$) of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, and Number of Board of Directors' Meetings), on the relevance of accounting information, measured by EPS, in Palestinian and Jordanian banks is accepted.

4.9.2.2. Sub-Hypothesis Five

There is no statistically significant effect at the 0.05 significance level of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, measured by the Book Value per Share, in Palestinian and Jordanian banks.

A multiple linear regression analysis was conducted to examine the effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of accounting information, as measured by the Book Value per Share, as presented in Table 4.9.

Table 4.9. Results of the Multiple Linear Regression Analysis of the Effect of Corporate Governance (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the Relevance of Accounting Information (Book Value per Share).

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-2.3678	0.1294	-18.3003	0.0000
Board Size (X1)	0.3236	0.0101	31.9187	0.0000
Board Independence (X2)	4.2467	0.0755	56.2819	0.0000
Ownership Structure (X3)	0.1665	0.0390	4.2749	0.0000
Number of Board of Directors meetings (X4)	-0.0323	0.0047	-6.9357	0.0000
Board educational (X5)	-0.0360	0.0037	-9.6130	0.0000
@Trend	-0.0457	0.0058	-7.8239	0.0000
Robust Statistics				
R-squared	0.3113	Adjusted R-squared		0.2621
Rw-squared	0.3943	Adjust Rw-squared		0.3943
Akaike info criterion	108.8492	Schwarz criterion		138.5458
Deviance	32.0352	Scale		0.5472
Rn-squared statistic	3503.3570	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Relevance of accounting information as measured by Book Value Per Share (YY2), Method: Robust Least Squares, Method: M-estimation, M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance

Based on the data presented in Table 9, the following can be concluded:

1. The R-squared statistic was 0.3113, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and statistical significance of the regression model, confirming a significant effect of the independent variable corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the dependent variable, relevance of accounting information, as measured by the Book Value per Share.
2. The constant coefficient was –2.3678, indicating that in the absence of any influence from corporate governance variables, the Book Value per Share would be –2.3678.
3. There is a statistically significant effect of corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the relevance of

accounting information, as measured by the Book Value per Share, with the specific effects described as follows:

- There is a statistically significant positive effect of Board Size on the Book Value per Share. The absolute value of the Z-statistic was 31.9187, and the p-value was 0.0000, which is less than 0.05, indicating statistical significance. This suggests that an increase in board size enhances the book value per share.
- There is a statistically significant positive effect of Board Independence on the Book Value per Share, with a Z-statistic of 56.2819 and a p-value of 0.0000. This implies that more independent boards contribute to greater relevance of accounting information by increasing the book value per share.
- Ownership Structure has a statistically significant positive effect on the Book Value per Share, with a Z-statistic of 4.2749 and a p-value of 0.0000, indicating that ownership structure influences the quality of accounting information and enhances the book value per share.
- The Number of Board of Directors' Meetings has a statistically significant negative effect on the Book Value per Share, with a Z-statistic of 6.9357 and a p-value of 0.0000. This suggests that an increased number of meetings may negatively impact book value, possibly due to excessive focus on meetings without achieving tangible financial outcomes.
- Board Educational Level shows a statistically significant negative effect on the Book Value per Share, with a Z-statistic of 9.6130 and a p-value of 0.0000. This indicates that higher academic qualifications alone may not necessarily lead to improved financial performance in terms of book value.
- The @Trend coefficient was –0.0457, indicating a significant negative time trend in the Book Value per Share, suggesting that it may decline over time, possibly due to economic conditions or market fluctuations.

4. The adjusted R-squared (R^2) value was 0.3943, indicating that corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) explains 39.43% of the variation in the relevance of accounting information, as measured by the Book Value per Share, in Palestinian and Jordanian banks. The remaining percentage is explained by other factors not included in the model.

The dependent variable (Book Value per Share) is represented by the following linear regression equation:

$$\mathbf{YY_2 = (-2.3678) + (0.324)X_1 + (4.247)X_2 + (0.167)X_3 - (0.032)X_4 - (0.036)X_5 (0.046)@Trend \ldots Eq.\ (5)}$$

Based on Equation (5), the following results are observed:

- An increase of one unit in Board Size leads to an increase in the relevance of accounting information, as measured by Book Value per Share, by 0.324.
- An increase of one unit in Board Independence results in an increase in Book Value per Share by 4.247, indicating a strong positive contribution to accounting information relevance.

- An increase of one unit in Ownership Structure leads to an improvement in Book Value per Share by 0.167, reflecting a positive effect on financial reporting quality.
- An increase of one unit in the Number of Board of Directors' Meetings results in a decrease in Book Value per Share by 0.032, suggesting that excessive meetings may not translate into improved financial outcomes.
- An increase of one unit in Board Educational Level leads to a decrease in Book Value per Share by 0.036, which may indicate that academic qualifications alone are not sufficient to enhance the relevance of accounting information in terms of book value.

- **Conclusion**

The null hypothesis (H_0) which states that there is no statistically significant effect at the 0.05 level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Book Value per Share, in Palestinian and Jordanian banks is rejected.

The alternative hypothesis (H_1) which states that there is a statistically significant effect at the 0.05 level ($\alpha \leq 0.05$) of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Book Value per Share, in Palestinian and Jordanian banks is accepted.

4.9.2.3. Sub-Hypothesis Six

There is no statistically significant effect at the 0.05 significance level ($\alpha \leq 0.05$) of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations, in Palestinian and Jordanian banks.

A multiple linear regression test was employed to examine the effect of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations, as presented in Table 4.10.

Table 4.10. Results of the multiple linear regression test for the effect of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations.

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	8.3292	0.0175	476.4080	0.0000
Board Size (X1)	1.9270	0.3444	5.5950	0.0000
Board Independence (X2)	3.4817	0.2546	13.6774	0.0000
Ownership Structure (X3)	-2.2954	0.1649	-13.9199	0.0000
Number of Board of Directors meetings (X4)	1.4171	0.1455	9.7362	0.0000
Board educational (X5)	0.9031	0.0462	19.5344	0.0000
@Trend	-0.0042	0.0003	-14.8494	0.0000
Robust Statistics				
R-squared	0.2400	Adjusted R-squared		0.1876
Rw-squared	0.4943	Adjust Rw-squared		0.4943
Akaike info criterion	50.2914	Schwarz criterion		74.7672
Deviance	4.8929	Scale		0.3173
Rn-squared statistic	949.0662	Prob(Rn-squared stat.)		0.0000

Dependent Variable: Relevance of accounting information as measured by Cash flow from operation (YY3), Method: Robust Least Squares, Method: M-estimation, M settings: weight=Welsch, tuning=2.985, scale=MAD (median centered), Huber Type I Standard Errors & Covariance

Based on the data presented in Table 4.10, the following can be concluded:

1. The R-squared statistic was 0.2400, with a p-value of 0.0000, which is less than 0.05. This indicates strong predictive power and a statistically significant regression model, confirming the significance of the independent variable corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) on the dependent variable, the relevance of accounting information, as measured by Cash Flow from Operations.
2. The constant coefficient was 8.3292, indicating that in the absence of any effect from corporate governance variables, the Cash Flow from Operations would be 8.3292.
3. There is a statistically significant effect of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of

accounting information, as measured by Cash Flow from Operations, with the following individual effects:

- There is a statistically significant positive effect of Board Size on Cash Flow from Operations, as the absolute value of the Z-statistic was 5.5950, which is greater than the tabulated value of 1.96, and the p-value was 0.0000, which is less than 0.05. This indicates that an increase in board size contributes to enhanced operating cash flows, possibly due to greater expertise and more sustainable decision-making.
- There is a statistically significant positive effect of Board Independence on Cash Flow from Operations, with a Z-statistic of 13.6774 and a p-value of 0.0000. This result suggests that greater board independence strengthens governance quality and improves cash flows, likely due to enhanced oversight and transparency.
- Ownership Structure has a statistically significant negative effect on Cash Flow from Operations, with a Z-statistic of 13.9199 and a p-value of 0.0000. This implies that greater ownership concentration may adversely affect operating cash flows, possibly due to conflicts of interest or mismanagement by controlling shareholders.
- The Number of Board of Directors' Meetings has a statistically significant positive effect on Cash Flow from Operations, with a Z-statistic of 9.7362 and a p-value of 0.0000. This indicates that more frequent board meetings contribute to improved managerial decisions that enhance financial performance.
- Board Educational Level also has a statistically significant positive effect on Cash Flow from Operations, with a Z-statistic of 19.5344 and a p-value of 0.0000. This finding reflects that the educational background of board members plays a critical role in improving financial performance and operating cash flows.
- The @Trend coefficient was –0.0042, indicating that the relevance of accounting information measured by operating cash flows may be declining over time. This could be due to regulatory or economic changes that influence how investors interpret such financial data.

4. The adjusted R-squared (R^2) value was 0.4943, indicating that corporate governance measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level) explains 49.43% of the variation in the relevance of accounting information, as measured by Cash Flow from Operations, in Palestinian and Jordanian banks. The remaining percentage is explained by other factors not included in the model.

The dependent variable (Cash Flow from Operations) is represented by the following linear regression equation:

$$\mathbf{YY_3 = (8.3292) + (1.927)X_1 + (3.482)X_2 - (2.295)X3 + (1.417)X_4 + (0.903)X_5 - (0.004)@Trend.\ Eq.\ (6)}$$

Based on Equation (6), the following conclusions can be drawn:

- An increase of one unit in Board Size leads to an increase in the relevance of accounting information, as measured by Cash Flow from Operations, by 1.927.
- An increase of one unit in Board Independence results in an increase in Cash Flow from Operations by 3.482, indicating a strong positive effect.
- An increase of one unit in Ownership Structure leads to a decrease in Cash Flow from Operations by 2.295, reflecting a negative impact on the relevance of accounting information.
- An increase of one unit in the Number of Board of Directors' Meetings results in an improvement in Cash Flow from Operations by 1.417.
- An increase of one unit in Board Educational Level leads to an increase in Cash Flow from Operations by 0.903, indicating a positive influence on financial performance and therelevance of accounting data.

- **Conclusion**

The null hypothesis (H_0) which states that there is no statistically significant effect at the 0.05 level of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations, in Palestinian and Jordanian banks is rejected.
The alternative hypothesis (H_1) which states that there is a statistically significant effect at the 0.05 level ($\alpha \leq 0.05$) of corporate governance, measured by (Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level), on the relevance of accounting information, measured by Cash Flow from Operations, in Palestinian and Jordanian banks is accepted.

4.10. Discussion of Findings in Light of Previous Studies

4.10. 1. Corporate Governance and Risk Management

- **Finding 1: Board independence and ownership structure positively affect capital adequacy.**

This finding aligns with the results of (Hasa & Mohammed, 2022) and (Irwan, 2023), who emphasize that effective governance mechanisms, particularly board independence, contribute to more robust risk oversight and improved financial health. It is also consistent with (Tayseer & Ahmed, 2019), who demonstrated that strong corporate governance enhances enterprise risk management (ERM), including capital protection.

- **Finding 2: Board educational level negatively affects capital adequacy and operating efficiency.**

This contradicts (Bambang. et. al, 2021), who found that higher education in governance structures positively influences sustainability performance. However, the negative impact in this study may suggest a gap between academic qualifications and practical risk mitigation experience in the Palestinian and Jordanian banking context.

- **Finding 3: Number of board meetings increases non-performing loans.**

  This opposes the assumption that frequent board meetings inherently improve oversight. The result partially contrasts with (Philip et al, 2011), who emphasized timely governance responses improve market outcomes. In this case, meeting frequency may not translate into effective decisions, possibly due to formality or lack of depth.

- **Finding 4: Risk management is enhanced through effective governance (positively affects risk-related variables).**

  This supports findings by (Marrif et al, 2021), who showed that governance improves risk management indirectly through information quality. It also aligns with (Hamdu & Adriana, 2016), who argue that integrated risk frameworks improve performance and accountability.

4.10.2. Corporate Governance and the Relevance of Accounting Information

- **Finding 5: Board size, independence, and ownership structure positively influence EPS and book value per share.**

  This finding is in agreement with (Muhyi et al, 2020) and (Saidi & Oukil, 2021), who emphasized that corporate governance enhances transparency and reduces earnings management, thereby improving the quality and relevance of financial information.

- **Finding 6: Board educational level has no effect or a negative effect on accounting information relevance.**

  This finding diverges from expectations in (Irwan, 2023), which links governance with financial information reliability. In the current context, educational qualifications may not translate to effective disclosure or financial communication.

- **Finding 7: Governance positively affects cash flow from operations (CFO).**

  This is consistent with (Mohammed et al, 2022), who found that operational risk management driven by governance systems improves financial and administrative performance. It also reflects the findings of (Davies & Macfubara, 2018), who linked value relevance of accounting data to governance-driven performance improvement.

Table 4.7. Summary to comparison between this study and prior research

Variable	Result from Current Study	Agreement With	Notes
Board Independence → Capital Adequacy	Positive	(Hasan & Mohammed,2022); (Irwan, 2023)	Supports p findings
Board Educational Level → Capital Adequacy	Negative	Contradicts (Bambang et al,2021)	May reflect l practical exp
Number of Meetings → NPL	Positive (undesirable)	Contradicts (Irwan, 2023)	Quantity ≠ Qu meeting
Governance → Risk Management	Positive	(Tayseer & Ahmed, 2019); (Marrif et al, 2021)	Strong align
Governance → EPS & BVPS	Positive	(Muhyi et al, 2020); (Saidi & Oukil, 2021)	Strong align
Governance → CFO	Positive	(Mohammed et al, 2022)	Supports imp financial f

4.11. Results

1. Board Independence and Ownership Structure

Board independence and ownership structure demonstrated a positive effect on capital adequacy, suggesting that strong corporate governance mechanisms contribute to enhancing the bank's financial soundness and its ability to withstand risk. This finding supports the notion that governance practices are instrumental in maintaining regulatory compliance and ensuring financial resilience.

2. Educational Level of Board Members

The educational level of board members was found to have a negative impact on both capital adequacy and operational efficiency. This indicates that academic qualifications alone may not be sufficient for effective risk management. Instead,

practical experience appears to be a critical component in making sound financial decisions within the banking sector.

3. **Frequency of Board Meetings**

   An increase in the number of board meetings was associated with a rise in non-performing loans. This finding suggests that more frequent meetings do not necessarily reflect better governance quality. On the contrary, it may point to underlying internal challenges being discussed repeatedly without leading to effective solutions.

4. **Board Size, Independence, and Ownership Structure**

   Board size, independence, and ownership structure had a positive impact on both earnings per share (EPS) and book value per share (BVPS). This suggests that a well-structured governance framework contributes to enhancing financial performance, thereby increasing the reliability and relevance of accounting information reported to stakeholders.

5. **Educational Level of the Board**

   The educational level of board members showed either no effect or a negative effect on the relevance of accounting information. This may be attributed to a lack of practical financial skills or a mismatch between academic specialization and the operational realities of the banking industry.

6. **Effect on Operating Cash Flow (CFO)**

   Corporate governance practices demonstrated a positive influence on cash flow from operations (CFO). This indicates that robust internal controls and financial transparency not only improve reported accounting figures but also enhance real financial performance, reflecting genuine operational efficiency.

Chapter Five

Conclusions and Recommendations

5.1. Introduction

This study examined the impact of corporate governance mechanisms measured by Board Size, Board Independence, Ownership Structure, Number of Board of Directors' Meetings, and Board Educational Level on both risk management (Capital Adequacy Ratio, Non-Performing Loans, and Operating Costs to Operating Income Ratio) and the relevance of accounting information (Earnings per Share, Book Value per Share, and Cash Flow from Operations) in banks listed on the Palestine and Jordan stock exchanges.

5.2. Conclusions

The empirical results, based on panel data from 2019 to 2023 and analyzed using robust multiple regression models, revealed the following:

- All six sub-hypotheses were supported, indicating that corporate governance has a statistically significant effect on both dimensions of financial performance.
- In terms of risk management, corporate governance significantly influenced capital adequacy, credit risk, and operational efficiency. Board Independence, Board Meetings, and Ownership Structure were key contributors.
- Regarding the relevance of accounting information, governance variables showed strong explanatory power for EPS, book value, and operating cash flows, with Board Independence emerging as a particularly influential factor.
- While most governance variables had positive effects, some (such as Ownership Structure and Board Educational Level) showed mixed or even negative impacts, highlighting the complexity of governance-performance dynamics.

- The explanatory power of the models ranged from 11.4% to 49.4%, indicating that although governance is a critical driver, other external and internal factors also influence financial outcomes.

5.3. Recommendations

- **Encourage the Appointment of Independent Board Members:**

  Boards should include more independent (non-executive) members, as their presence helps improve decision-making and reduces bias in financial oversight.

- **Reduce Ownership Concentration:**

  When a small number of shareholders own a large portion of shares, it may negatively affect overall performance. It is recommended to encourage a more balanced distribution of ownership to enhance transparency and accountability.

- **Focus on the Quality of Board Meetings, Not Just the Quantity:**

  The number of meetings is less important than what is achieved during them. Boards should aim to conduct productive meetings with clear outcomes and effective follow-up.

- **Select Board Members with Practical Experience as well as Academic Qualifications:**

  Academic degrees alone are not enough. Board members should also have relevant financial or banking experience to support sound decision-making.

- **Implement Regular Training Programs for Board Members:**

  Offering training on topics such as risk management, corporate governance, and financial analysis can help members perform their roles more effectively.

- **Strengthen Oversight by Regulatory Authorities:**

  Regulatory bodies (such as central banks or securities commissions) should regularly monitor and evaluate banks' governance practices to ensure compliance with standards.

- **Promote Transparency in Financial Reporting and Governance Disclosures:**

Banks should clearly disclose board decisions, ownership structures, member qualifications, and meeting frequencies to build investor confidence and improve institutional credibility.

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Chapter One: The General Framework of the Study

الملخص بالعربية

العنوان: أثر الحوكمة المؤسسية على إدارة المخاطر وملاءمة المعلومات المحاسبية: دراسة تطبيقية على البنوك المدرجة في بورصتي فلسطين والأردن

إعداد: عرين طرايرة

اشراف:د. فراس بركات

الخلفية: شهدت بيئة العمل المصرفي في فلسطين والأردن اهتماماً متزايداً بتطبيق مبادئ حوكمة الشركات، باعتبارها أداة استراتيجية لتعزيز كفاءة إدارة المخاطر وتحسين جودة المعلومات المحاسبية. وتزايد هذا الاهتمام في ظل التحديات الاقتصادية وتقلبات الأسواق المالية خلال السنوات الأخيرة، حيث أصبحت الحوكمة الرشيدة وسيلة أساسية لحماية المصالح وتحقيق الاستقرار المالي. وعلى الرغم من الاعتراف بأهمية الحوكمة، ما تزال الدراسات التطبيقية التي تربط بشكل مباشر بين مؤشرات الحوكمة وإدارة المخاطر وأهمية المعلومات المحاسبية في البنوك محدودة على المستوى الإقليمي.

هدف الدراسة : هدفت هذه الدراسة إلى تحليل أثر حوكمة الشركات على إدارة المخاطر، وبيان أهمية المعلومات المحاسبية في البنوك المدرجة في بورصتي فلسطين وعمان خلال الفترة من 2019 إلى 2023، مع التركيز على دور مؤشرات الحوكمة — مثل حجم مجلس الإدارة، درجة الاستقلالية، هيكل الملكية، عدد اجتماعات المجلس، والمؤهلات العلمية للأعضاء — في تحسين كفاية رأس المال وكفاءة العمليات التشغيلية.

المنهجية: اعتمدت الدراسة المنهج الوصفي التحليلي، وتم استخدام نموذج بيانات البانل (Panel Data) مع الانحدار الخطي المتعدد عبر برنامج .EViews شملت العينة 20 بنكاً، منها 6 بنوك فلسطينية و 14 بنكاً أردنياً. تم قياس إدارة المخاطر عبر مؤشرات كفاية رأس المال، نسبة القروض المتعثرة، ونسبة التكاليف التشغيلية إلى الإيرادات التشغيلية. أما أهمية المعلومات المحاسبية فقد تم تقديرها باستخدام ربحية السهم، القيمة الدفترية للسهم، والتدفقات النقدية من الأنشطة التشغيلية.

النتائج: أظهرت نتائج التحليل وجود علاقات ذات دلالة إحصائية بين بعض مؤشرات الحوكمة ومتغيرات إدارة المخاطر وأهمية المعلومات المحاسبية. حيث تبين أن استقلالية مجلس الإدارة وعدد اجتماعاته يرتبطان إيجابياً بتحسين نسب كفاية رأس المال وكفاءة العمليات التشغيلية، في حين كان لحجم المجلس والمؤهلات الأكاديمية لبعض الأعضاء تأثيرات متفاوتة.

الخلاصة: تؤكد الدراسة على الدور المحوري لحوكمة الشركات في تعزيز كفاءة إدارة المخاطر ورفع جودة الإفصاح المالي في البنوك الفلسطينية والأردنية. وتوصي بضرورة تعزيز استقلالية مجالس الإدارة، وزيادة فعالية اجتماعاتها، وتطوير هياكل الملكية بما يدعم الاستقرار المالي ويسهم في استدامة أداء القطاع المصرفي.