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THE AUDIT EXPECTATION GAP: DOES ACCOUNTABILITY MATTER?

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Abstract- This study investigates institutional investors' perceptions and assessment of the level (poor, medium, strong) of corporate accountability in bridging the audit expectation gap, following the implementation of the Jordanian corporate governance code (JCGC). This study employed a qualitative approach; In-depth interviews were conducted with ten financial analysts who work with investment institutions. The study outcomes were based on the literature review, the analysis of the qualitative data and discussions of generated themes. The results revealed that adopting effective corporate accountability system positively contributes in narrowing the audit expectation gap due to the increasing interest in the role of accountability in fighting corruption in Jordan. Such interest arises from the implication that weak corporate accountability suggests that the top management are not accountable and, if they are also major shareholders, they may consider it appropriate to view the company as theirs to do whatever they wished with. This implication has negatively affected trading in the shares of some companies. Similarly, poor corporate accountability has led to a perception by analysts that external auditors in Jordan are failing to accomplish their role as agents of shareholders. The study also highlighted the importance of active and fully-independent audit committee in ensuring the best implementation of corporate accountability among corporate governance constituents.

Keywords- Audit Expectation Gap, Corporate Accountability, Audit committees, Corporate Governance, Financial Analysts, Qualitative Research.

I. INTRODUCTION

International big corporate scandals in the early 21st century such as the demise of Enron-Arthur Andersen, HIH and WorldCom have undermined the stakeholder's confidence in the world's capital markets and contributed to a widening of the audit expectation gap. The most notorious scandal in Jordan's history is the Petra Bank bankruptcy in 1989 which had a severe impact, resulting in further corporate collapses and a decrease in the Jordanian Dinar exchange rate from USD 3.35 to USD 1.41 (Al-Awaqleh, 2008). Such these financial scandals motivated economic policy-makers, researchers and academics to develop solutions for the weak points of the corporate governance structure (Shbeilat, 2014; Abdel-khalik, 2002). In 2008 the world has witnessed the global financial crisis which was triggered by the collapse of Lehman Brother Bank in August 2008. This financial crisis, as well as previous ones, has raised and directed critical questions to the auditing profession such as the age-old question of where were the auditors? And who is responsible or should be held accountable for those collapses and scandals (Tricker, 2009; Cooper & Grose, 2010; Cheng and Abdel-Qader, 2010)

Under ISA No. 570, the external auditor is responsible for evaluating whether the company is a going concern and giving early warning, to the public and users of the audit report, of any impending corporate collapse. Failure, by the external auditors, to give warning about the entity's viability, along with occurrences of corporate collapses and scandals, have raised the issue of the audit expectations gap between the auditor and the public; this gap partly exists because of the difference in perceptions and beliefs, between the users of the audit reports and the auditors, in regard to the auditors' duties and responsibilities (Koh and Woo, 1998).

Compliance with legislation and regulations, especially those mandated by the Securities Commission, contributes in narrowing the audit expectation gap as found by Al-Khadash and Al-Sartawi (2010) who investigated the role of Sarbanes-Oxley Act (SOX). Beside the provisions of non-audit services and audit rotation, the study of Al-Khadash and Al-Sartawi (2010) highlighted the importance of active audit committees in ensuring the best implementation of corporate accountability, while Abdel-Al (2008) attributed the success of corporate governance to the success of audit committees, and the failure of the composition, responsibilities and the effectiveness of the audit committee can then cause a gap in the corporate governance system of the organizations.

This study endeavours to highlight the importance and the role of implementing corporate accountability system on bridging the audit expectation gap. corporate accountability refers to the ability of the shareholders and the stakeholders to hold the governing body of the company, such as the board of directors, executive managers, and external auditors, accountable and answerable to the laws, the regulations and the company's bylaw, based on their power and responsibilities (Porter, 2009; Gay & Simnett, 2010). The objectives of this study were achieved by interviewing and exploring institutional investors' perceptions, and by reviewing the related previous studies of how and why the appropriately constituted responsibilities, duties and authorities

stipulated in the Jordanian corporate governance code (JCGC) align the actions of governance professionals with the interests of the company and shareholders. The relevant governance professionals here are the external auditors and other governance bodies involved with auditing, such as the executive managers, members of the board of directors, the audit committees and the internal auditors, all of whom are accountable for their decisions and responsibilities towards the company and the shareholders.

II. RESEARCH OBJECTIVE & QUESTION

The objective of this study is to investigate the impact of corporate accountability system, in the post Jordanian corporate governance code implementation period, on the size of the audit expectation gap. This includes (1) reviewing the literature of how and why the appropriately constituted responsibilities and authorities of external auditors and governance bodies involved with auditor accountability affect institutional investor's perception of the level of their expectation gap. (2) Investigating financial analysts' perceptions of enhancers and inhibitors regarding the implementation of corporate accountability system and their impact on the level of the audit expectation gap.

The research question of this study is: How and why do Financial Analysts' assessments of the constituents of corporate accountability system affect their perception of the audit expectation gap? This question was addressed by conducting in-depth semi-structured interviews with a concentration on 'how' and 'why' questions (Cassell & Symon, 2004; Yin, 2013).

III. RESEARCH METHODOLOGY

Semi-structured interviews are used in this study because there have been few qualitative studies dealing with the role of corporate accountability system on bridging the audit expectation gap. Given the current incompleteness of knowledge, interviews offer various useful advantages, such as getting higher response rates, greater depth of information and the availability of the interviewer to clarify any misunderstood questions. The use of semi-structured interviews provides flexibility that allows new questions and topics to arise as a result of what the interviewee says (Lindlof and Taylor, 2011; Gendron and Bedard, 2006; Al-Lehaidan, 2006). In this way, the insights gained are less constrained by the researcher's preconceptions of the likely relationships. Qualitative methods can generate a great depth of knowledge and cover a wide range of perspectives in judgment decision making (Creswell, 2014; Nykiel, 2007). Johnson & Christensen (2016) also added that this approach aims to "obtain in-depth information about participants' thoughts, belief, knowledge, reasoning, motivations, and feelings about a topic" (p. 202).

According to Johnson & Christensen (2016), typical interviews "last anywhere from 30 minutes to more than one hour" (p. 202), while Creswell (2012) pointed out that effective in-depth interviews require up to ten participants. In this study, 10 in-depth interviews were conducted with financial analysts, their durations ranging from 45 minutes to 67 minutes. The interviews were audio recorded and transcribed, and then the transcripts were carefully studied, focusing on themes derived from the respondents' views and feedback. These themes were categorized in order to facilitate prioritizing, highlighting and associating their impact on the the audit expectation gap.

The study sample derived from institutional investors in Jordan rather than individual investors; because they are qualified, sophisticated and knowledgeable in comparison to individual investors. The study sample consists of financial analysts who work in institutional investment companies including insurance companies, investment and portfolio departments in banks, investment funds and companies, retirement funds, mutual funds and brokerage companies.

IV. LITERATURE REVIEW

4.1 An Overview of the Audit Expectation Gap

This study aims to investigate the role of implementing corporate governance best practices and effective corporate accountability system in reducing the audit expectation gap. The study also evaluates the extent of the JCGC requirements mandating Jordanian shareholding companies to provide adequate and timely disclosure and transparency and adopt sufficient accountability systems.

Over the last decade, calls for reforming corporate governance structures have become a significant global issue. The Asian financial crisis in 1997 and corporate scandals and collapses of large entities such as Barings, HIH, Parmalat, Enron (Demirag & Solomon, 2003) and Lehman Brothers have raised fears of a global economic meltdown and raised the importance of reforming corporate governance systems. The auditing profession has also come under the spotlight, especially after the dramatic collapse of famous companies without any prior warning signals in audit reports. These events have highlighted the phenomena of the audit expectation gap (Koh & Woo, 1998).

Ojo (2009) defined the audit expectation gap as "the difference between what users of financial statements, the general public perceive an audit to be and what the audit profession claim is expected of them in conducting an audit" (p. 3). The audit expectation gap might have a substantial effect on the continuing existence of the auditing profession,

especially given recent corporate collapses. These collapses have been costly to the audit profession in many ways such as compromising the profession's reputation, incurring high costs of litigation and settling these cases in the courts, and the fear that they may increase the burdens (more responsibilities) placed on the auditors (Wolf et al, 1999).

Al-Thuneibat (2003) investigated the structure of the expectations gap in Jordan and found that its components are consistent with those found by Porter (1991 & 1993) and Humphrey (1997) in regard to an ignorance gap, a deficient standards gap, and a deficient performance gap. The components of the audit expectation-performance gap provided by Porter (1991, P. 4) are as follow:

1- "The reasonableness gap: defined as the difference between what the public expects auditors to achieve and what they can reasonably be expected to accomplish".

2- "The performance gap: defined as the difference between what the public can reasonably expect auditors to accomplish and what they are perceived to achieve".

The latter gap i.e. "performance gap" is further subdivided into:

A- "The deficient standards gap: defined as the difference between what can reasonably be expected from auditors and auditors' existing duties as defined by the law and professional promulgations".

B- "The deficient performance gap: defined as the difference between the expected standard of performance of auditors' existing duties and auditors' perceived performance, as perceived by the public".

According to Sidani and Olayan (2007), resolving the audit expectation gap does not necessarily require an increase in the auditors' responsibilities. The gap can be bridged by adopting an effective corporate governance mechanism which ensures the sharing of the organization's responsibilities and accountability amongst corporate governance constituents, including top management, the board of directors, external auditors, internal auditors and the capital market regulatory bodies.

Corporate governance bodies with effective constituents and co-operation between the auditors and audit committees can help establish effective internal control procedures, enhancing directors' accountability and transparency, which are crucial factors in narrowing the expectations gap. Hakim (2002) pointed out that agency problems could be reduced by adopting corporate governance best practices.

The audit expectations gap has re-emerged in Jordan during the last two decades due to the modernizing of audit legislation, the privatization of some large public institutions which has led to an increase in the size, number, and power of shareholding companies in the market (Abdullatif, 2003), and due to the "increasing expectations from auditors" in Jordan (Al-Thuneibat et al, 2007, p. 85). Asfoor (2003), in the 5th Scientific Conference of JACPA, pointed out that the practical reality of the auditing profession in Jordan reveals a gap between auditors and non-auditors regarding external auditor's performance.

A study by Omari (2003) investigated the expectation gap in regard to auditors' responsibility to express their opinion about the entity's ability to continue as a going concern, the auditor's independence, and the scope of the auditor's responsibility in identifying misleading and incomplete financial data. The study concluded that the audit expectations gap in Jordan was mainly focused on the independence of the external auditors, which was negatively impacted by the potential loss of sales in lucrative non-audit services, unlimited audit tenures and company management pressure on the external auditors. On the other hand, Hajir (2001) found that the low levels of disclosure of financial information and auditor's performance have contributed to widening the expectation gap in Jordan.

4.2 The Role of Audit Committees

The former US Securities and Exchange Commission chairman revealed that "Qualified, independent and tough minded audit committees represent the most reliable guardians of the public interest" (Levitt, 1998). The board of directors must ensure that audit committees have the proper authority and power to do their job properly. Audit committees with inadequate authority cannot ensure corporate accountability and cannot enhance disclosure and transparency, thus negatively impacting investor confidence and creating incorrect impressions amongst them. Audit committee effectiveness depends on the efficacy of its members. Megat (2000) pointed out that audit committees cannot help in reinforcing corporate governance unless they are composed of truly independent members, and they should have experience and analytical skills and the capability to confront management pressure. Megat (2000) also added that if audit committees do not play their vital role and are nothing more than just "window dressing", then the audit expectations gap from investors' perception will be widened.

The International Standards on Auditing (ISAs) also require auditors to communicate significant findings, arising from or discovered during the financial statement audit, with the appropriate persons charged with the governance of the organization, these persons usually being the audit committee (Colbert, 2002). ISA No. 260 (Communications of audit matters with those charged with governance) and ISA No. 265 (Communicating Deficiencies in Internal Control to Those Charged with Governance and Management) provide guidance on communicating matters of interest to the governance body of an entity (IFAC, 2010)

Audit committees play a role in bridging the audit expectation gap. Sharaby (2010) investigated the role of audit committees in narrowing the audit expectations gap in commercial banks in Yemen. The

study found that audit committees play a significant role in reinforcing external auditors' performance, and the quality of financial reporting. The study also pointed out the importance of effective communications with external auditors in enhancing the quality of the audit process which would, consequently, increase the auditor's capability in reporting about the entity's ability to continue as a going concern.

Abdel-Qader (2002) highlighted the importance of establishing audit committees to bridge the audit expectations gap. The study pointed out that the AICPA, the Treadway Commission, and the SEC have affirmed that the main objective of audit committees is to foster auditors' independence. Abdel-Qader (2002) also argued that an external auditor's independence is enhanced when the auditor has direct communications with and a path to an independent party. Therefore, the existence of an independent audit committee is seen as enhancing and reinforcing the quality of the auditor's work and thus mitigating control of management over the financial reporting process. The committee should review the scope of the audit, significant accounting estimates and provisions, and policies on external audit services, thus helping the auditors reach an independent opinion in the audit report.

4.3 Corporate Accountability

"Accountability has definitely become a topic of concern throughout governance literature" (ERKKILÄ, 2007). The recent spate of big-name corporate collapses, such as Enron, WorldCom and Tyco in the U.S, Barings Bank in UK, Philipp Holzmann and Comroad in Germany, Yline in Austria, HIH in Australia, SAirGroup in Switzerland, Lernout & Hauspie in Belgium and Parmalat in Italy, have increased public pressure to reform corporate governance systems and demand greater accountability over the corporations. In response to corporate failures, governmental and non-governmental regulating bodies worldwide issued strict legislation, regulations and directives in order to restore public trust in capital markets (Pott, Mock & Watrin, 2009). For instance, the Sarbanes-Oxley Act of the United States and the revised 8th Directive of The European Union (Council of the European Communities, 2006), both included strict penalties to be implemented on those who violate the regulations. Mohamed and Hussain (2005) pointed out that dramatic pressure for greater accountability has placed an immense emphasis on the functions and the vital roles of the audit committees in reinforcing corporate governance. The external auditor profession also came under fire for their failure to develop a 'whistle blower' type mechanism.

It is perceived that increasing the awareness of accountability, in addition to having a clear delineation of powers and responsibilities, helps in limiting and preventing fraud and malpractice. Corporate governance can be defined, in its narrowest sense, as a system for improving accountability (Farrar, 2003; Wolfensohn, 1999; Higgs Report, 2003; Tricker, 1984; Jubb et al, 2012). Hence, corporate governance initiatives have placed a great deal of emphasis on ensuring accountability over corporate governance bodies. For instance, the British Corporate Governance Codes, issued by The Financial Reporting Council (FRC), devoted a separate section to accountability, emphasizing the duties and responsibilities of the board of directors, the company management, the internal auditors, the audit committees and the external auditors. The section included the role of the directors in preparing the annual report, specifying their responsibility for the soundness of the financial reporting system and that the entity's ability to continue as a going concern. The codes also stipulated the role of the directors in assessing the company's risk and reviewing the internal control system, in addition to the board's responsibility to establish an independent audit committee whose main functions and responsibilities must be set in a written charter (The UK Corporate Governance Codes, 2016).

Solomon (2010) pointed out that the most common characteristic in the definitions of corporate governance is accountability because it helps protect the wealth of the shareholders and the rights of the stakeholders. Sherer & Turley (1997) pointed out that the most significant elements of corporate governance were ensuring the proper implementation of accountability and overseeing the company executive management. Millstein (1998) pointed out that the corporate governance simply aims to ensure that the managers are accountable to the board of directors and directors are accountable to the shareholders. He also argued that having the managers and the directors accountable for corporate assets leads to improved corporate performance.

Wild (1994) argued that the audit committees are the most effective pillar of corporate governance, overseeing accountability and reducing fraud, error and the risk surrounding the financial reporting. Wild (1994) examined and reviewed data from 260 companies in the U.S.A., both before and after the establishment of an audit committee. That data covered the period from 1966 to 1980, and was analyzed to establish empirical evidence about the relationship between accounting earnings and audit committees. The results showed that the formation of audit committees has significantly made the earnings more informative to users of financial statements and reports. The study attributed that to the vital role of the audit committee in overseeing the quality of the management accountability to the shareholders.

Porter (2009) reviewed the corporate governance accountability literature, pointing out that accountability was demanded, due to giant corporate collapses which have widened the audit expectation gap, to counter any possible abuse of executives' powers and to produce reliable and informative

financial statements that were free of error and fraud. Porter stressed on the importance of the tripartite or "trinity" audit function (external auditors, internal auditors and audit committees) in maintaining the integrity of corporate accountability, and argued that the audit trinity members have interlocking and mutually supportive functions. Porter also added that, in addition to the vital roles of the audit trinity in securing the integrity of the financial reporting, audit committees should have the power and responsibility to ask probing questions of executives and employees, and should possess a high degree of skepticism in order not to be easily satisfied with any reply.

Corporate governance systems characterized as having a poor accountability system impair internal and external auditors' ability to do their jobs effectively and with due professional care which, in turn, affects the integrity of the financial reporting system. In Jordan, Qadamani (2007) criticized the accountability of corporate governance systems, and pointed out that some of the large controlling investors, especially those who hold both positions on the board of directors and are executive managers, believe that they own the assets of the entity regardless of the interest of the minority shareholders, and feel that they are not accountable. The former controller of the Companies Control Directorate in Jordan, Khaza'alah (2001), pointed out that, due to the lack of accountability, external auditors did not accomplish their tasks as agents of shareholders.

Abdullatif (2003) has interviewed Jordanian lawyers and revealed that the weak accountability system, insufficient legal responsibilities and the low probability of punishment falling on corporate governance constituents in Jordan, have led some external auditors to cooperate with dishonest managers at client companies to keep their jobs as auditors. He also added that in the case of Jordan, where the owner/manager was a dominant characteristic among companies (i.e there was no separation between the positions of owners and management), the likelihood of malpractice and theft of company assets was high. This duality of positions (owner/manager) in Jordan was also criticized by Al-Hasani (1999), Saadah (1993), and Al-Jazy (2005), all of whom criticized relevant laws and demanded reform of corporate accountability to separate management of listed companies from their owners.

Abed et al (2012) investigated, over the period 2006-2009, the impact of Jordanian corporate governance characteristics on management's ability to manipulate financial reporting and income. The study revealed that Jordanian listed companies' compliance with the corporate governance code was poor due to insufficient accountability and penalties. The authors also related this to the fact that the JCGC became operational in 2009 on a comply or explain basis. The study recommended Jordanian policy makers encourage compliance with the codes in order to control the opportunistic behavior of boards of directors and management regarding manipulation of financial statements, such compliance thereby enhancing the reliability of the financial reporting system.

V. QUALITATIVE ANALYSIS & RESULTS

5.1 Participant's Financial Experience

As mentioned earlier, 10 in-depth interviews were conducted with financial analysts, for the purpose of this section; the 10 interviewees will be referred to as subjects (A) to subject (J). The following table reviews their practical experiences as financial analysts.

Table (1) Interviewees practical experiences in the area of financial analysis

Subject	Financial Experience
A	Subject A was a financial analyst at an investment fund specializing in the Jordanian capital market and had been in this industry for around 18 years
B	Subject B's position was a manager of an investment portfolio department. Almost 25 years of experience were in the investment field in different sectors where the last seven years were in an insurance company
C	Subject C was head of a portfolio section in a Jordanian Bank, and worked in this area for 18 years.
D	Subject D was also head of a portfolio section in a Jordanian company specializing in securities investment in real estates, and worked in that position for 14 years
E	Subject E was a senior financial analyst in one of the Jordanian investment funds, he worked in this position for nine years and before that time he was a financial analyst in an insurance company for eight years.
F	Subject F was a manager and partner in a Jordanian brokerage company, and deals with evaluating and assessing securities, and also works as a financial consultant to the company's clients. 20 years of experience in many Jordanian banks where the last five years were in

	the brokerage company.
G	Subject G was a manager of one of the Jordanian investment funds and has 27 years of experience in the finance and stock market arenas. Before being the manager of an investment fund subject G was working as a financial analyst then senior financial analyst in the same investment fund for about 8 years. Subject G holds a bachelor degree in accounting and a master's degree in accounting and finance.
H	Subject H worked as a manager of one the Jordanian investing companies with the major investments in securities, and real-estate spread over the Jordanian market, the Arabian gulf area, and internationally with concentrations in the U.S.A and U.K. Subject H has a total working experience of 22 years most of them in the investment and stock market area, where the first five years were in a Jordanian auditing firm.
I	Subject I was manager of a Jordanian investment company, and has a total of around 20 years of experience in the same field, he also held different positions in several investment companies.
J	Subject J was a senior financial analyst at one of the Jordanian investment funds, 15 years of experience in different investment companies, and funds, and also possess CMA and CFM professional certifications.

5.2 Analysis of Participants Perceptions

The participants perceived that the existence of an effective corporate accountability system increases the performance of the external auditors and reinforces the effectiveness of internal auditors in protecting the assets of the company and increases the likelihood of its ability to continue as a going concern and therefore, contributing in narrowing the audit expectation gap. They also pointed out that increasing the awareness of the directors that they work under a strict accountability system and are liable to be accountable reduces instances of management fraud. Another noteworthy issue raised by the participants is the large interest of accountability and anti-corruption in both private and public sectors as a result of the Arab Spring.

"The matter of effective corporate accountability is a vital element and indicator of companies' strength. Therefore, all staff and employees working in the company should recognize that they are liable to be held accountable and that the company is not as we say in slang language 'free money that anyone can steal'. However, I believe that the key thing is to ensure the implementation of the regulations that were essentially founded to maintain the company assets out of theft and loss".

Subject E

Subject C stressed the importance of corporate accountability and pointed out that it plays the significant role of limiting the audit expectation gap, because "the company that enjoys strict and high level of accountability applicable on all levels of staff from the small position to the top management and the board of directors are directed properly according to regulations, bylaws and legislations in force". Subject C also explained 'why' he reached that conclusion by pointing out that both external and internal auditors will report any serious breaches and malpractices committed by the executive management to the securities commission and even to the company shareholders to clear their responsibilities. However, Subject C affirmed again the importance of implementing strong corporate accountability over Jordanian listed companies and their directors, the subject added that now, there are many calls for anti-corruption in companies demanded by the public as we can see in the newspapers. Subject C highlighted the importance of the accountability and repeated again the unprecedented number of the Jordanian listed companies which have been sent to the court and attributed that to the unprecedented number of demonstrations demanding economic reforms beside the political reforms.

Similar to the opinions subjects E and C, subject F added that "effective corporate accountability must be documented", while Subject B argued that the absence of effective corporate accountability system makes all staff who works with the company believe that the company is 'like what we say in slang language a house with low fences' which leads to an increase in malpractices instances and therefore to corporate failure and accordingly, increases the audit expectation gap. Subject A pointed out that a strong accountability system makes staff hesitant and

reluctant to commit frauds, accordingly, makes the users of the audit reports more convinced about the soundness of the outcomes of the financial reporting, and on the assessment of the ability of the entity to continue as a going concern. Subject D's opinion is consistent with Subject F and stated that "Corporate accountability stands like a bulwark to preserve corporate governance" and called for more governmental intervention in the capital market.

Subject J pointed out that the term audit expectation gap appears whenever corporate collapse occurs and due to the insufficient assurance provided by the company and by the auditors about the ability of the companies to continue as a going concern therefore, all those responsible for manipulating company's accounts must be held accountable and sent to the court. Subject J argued that many of the causes of audit expectation gap relate to 'business failure' rather 'auditing failure' and added that the gap also emerges because the users of the audit report perceive the auditors as the guarantor of the integrity and the accuracy of the financial reporting system.

Subject I stressed that there is misconception that when auditors express a clean opinion it means the financial statements and the financial position of the company are 100% free of errors and frauds, while the generally accepted auditing standards required auditors to practice the maximum levels of "due professional care". The subject added that another aspect of widening the audit expectation gap is the auditor's responsibility of reporting about the company's ability to continue as a going concern and also pointed out that there are many cases in which the external auditors were sued because of negligence in fulfilling their job from a shareholder's perception. However, in their opinion the company management should be accountable and liable for strict accountability regulations if they are corrupted or even if they do not cooperate with the external auditors. The subject also pointed out that audit committees help in narrowing the audit expectation gap since they are independent and non-executive committees and because they aim to settle disputes and to reinforce external and internal audit performance. However, the subject concluded that the audit committees are the strongest party that is capable to ensure the right implementation of "the financial accountability" over the company.

In regard to suing and sending corrupt staff, auditors, directors and managers to the court, Subject H affirmed the vital role that government bodies should play: "the Jordanian Securities Commission should help auditors to ensure the highest level of corporate accountability over the companies by adding more strict items to the current JCGC, and it should send all directors involved in corruption to the court". While subject G pointed out that strict corporate accountability limits committing corruption, and added that "these days we are used to hearing about companies being sent to court and to the anti-corruption department which is a good indicator of implementing a high level of accountability, the accountability becomes a public demand these days as we can see the demonstrations". Consistent with that, subject J added "large instances of sending corrupted directors to the court these days as we see from time to time in the media is an example of good implementation of the accountability".

DISCUSSION AND CONCLUSIONS

The results revealed that adopting effective corporate accountability system positively contributes in narrowing the audit expectation gap due to the increasing interest in the role of accountability in fighting corruption in Jordan. Such interest arises from the implication that weak corporate accountability suggests that the top management are not accountable and, if they are also major shareholders, they may consider it appropriate to view the company as theirs to do whatever they wished with. This implication has negatively affected trading in the shares of some companies. Similarly, poor corporate accountability has led to a perception by analysts that external auditors in Jordan are failing to accomplish their role as agents of shareholders. The study also highlighted the importance of active and fully-independent audit committee in ensuring the best implementation of corporate accountability among corporate governance constituents.

In the past two years, the issue of corporate accountability has received more attention than normal in Jordan, in the light of a series of corporate scandals. "Corruption exceeded expectations, especially in public shareholding companies," said Samih Bino, the president of the Jordanian Anti-Corruption Commission (JACC) during a meeting with the Financial and Economic Committee of the Jordanian House of Representatives (Bino, 2013). The interviewees in the current study pointed out that subsequent to the Arab Spring, Jordan witnessed the largest number of demonstrations demanding both economic reforms and political reforms. Tunisia, the Arab country that arguably triggered the Arab Spring, established an accountability act, seeking to reinforce anti-corruption efforts and establish a national accountability board (Seghaier, 2013).

In an effort to reinforce the principles of transparency and accountability, the Jordanian Transparency Center (JTC) was established in March 2011. The JTC aims to increase public awareness of the importance of accountability and is also trying to increase public awareness of the efforts being made to stamp out corruption in both the private and public sectors. In the same context, Jordanian Partners Center launched a series of educational films aiming at spreading awareness within Jordanian society of their roles of advocating accountability and transparency practices (Ammon news, 2013).

Accountability, political and economic reforms and anti-corruption actions in all Jordanian sectors have attracted a great deal of publicity in the past Six years. The call for reform in Jordan was not an accident nor divorced from what was happening in neighboring countries. Indeed, the Arab uprising affected the situation in Jordan and accelerated the pace of reform. According to some interviewees, Jordan witnessed numerous cases of companies and well-known directors and executives who have been sent to the Jordanian Anti-Corruption Commission and to the courts in the past Six years. The interviewees pointed out that a review of Jordanian media in the past Six years would reveal a dramatic number of companies being sent to the court. A review of the media at that time confirms the interviewees' comments. For instance, in one headline, "48 listed companies were sent to the court", according to information revealed by the general observer of the Jordanian Companies Control Department (CCD) (Al-Talhouni, 2012). "The Arab Spring should be a winter for corruption", said the news reporter Akl (2013). Akl pointed out that public frustration with the dramatic instances of corruption was one of the major catalysts behind the Arab uprisings in the Middle East.

CONTRIBUTIONS & PRACTICAL IMPLICATIONS

The study investigates the role of corporate accountability and how the newly established Jordanian corporate governance affects the size of the audit expectation gap. This study also contributes to complement existing quantitative researches by providing qualitative findings and possible interpretations for quantitative studies. Semi-structured interviews are used in this study because there have been few qualitative studies dealing with Jordanian corporate governance and the contributors of the audit expectation gap.

The insights gained from this study could be used as follows: (a) the evidence would provide an important message for regulators and policy makers that fighting corporate corruption starts from enforcing and ensuring the implementation of strong corporate accountability. (b) to ensure adopting effective corporate accountability system, the study recommends targeting of enforcement actions by regulators to include corporate governance code a separate section for corporate accountability system designated for executive managers, members of the board of directors, audit committees, external auditors and the internal auditors, all of whom are accountable for their decisions and responsibilities towards the company and the shareholders.

8. Limitations & Suggestions for Future Research

Subsequent to the Arab Spring, calls for accountability and anti-corruption became a slogan raised in most of demonstrations in Jordan. In response to that, Jordan witnessed numerous cases of companies and well-known directors who have been sent to the Jordanian Anti-Corruption Commission and to the courts. The interviewees highlighted the importance of accountability in both private and public sectors and asked for more governmental intervention in controlling and regulating the capital market. This situation probably influenced the viewpoints of the interviewees, therefore, the findings of the study must be considered in this context, and caution should be exercised in applying the findings outside this context.

This study suggests giving the formulation of corporate governance code higher attention to ensure effective implementation of corporate accountability system. This study recommends that corporate governance must include a specialized chapter devoted to accountability so that it shows a mechanism to ensure accountability among the external auditors and other governance bodies involved with auditing, such as the executive managers, members of the board of directors, the audit committees and the internal auditors, all of whom are accountable for their decisions and responsibilities towards the company and the shareholders. Further research is suggested to investigate the contents of the proposed chapter.

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