DOI: 10.20472/EFC.2024.023.001

DEAA AL-DEEN AL-SRAHEEN

Al al-Bayt University, Jordan

THE RELATIONSHIP BETWEEN ACCOUNTING DISCLOSURE, FINANCIAL REPORTS AND STOCK RETURNS: THE MODERATED ROLE OF OWNERSHIP CONCENTRATION

Abstract:

The study aimed to investigate the relationship between accounting disclosure and stock returns in its first model. The second model examined the role of ownership concentration as a moderator variable in this relationship, using a sample of Jordanian service companies listed on the Amman Stock Exchange from 2018 to 2021. The final sample consisted of 440 firm observations over four years. The study found a positive and statistically significant relationship between accounting disclosure and stock returns. Moreover, the concentration of ownership was found to have a positive effect on this relationship, indicating that it contributes to improving stock returns by enhancing the effectiveness of accounting disclosure. By introducing the moderated role of ownership concentration, the study made a valuable contribution to the field. The study also provided recommendations to Jordanian companies, urging them to adopt public policies and mechanisms that enhance disclosure and move towards digital disclosure to keep up with evolving financial statement presentation methods.

Keywords:

Accounting Disclosure, Ownership Concentration, Stock return, Jordanian Companies.

JEL Classification: M41, M41, M41

Introduction

The Great Depression crisis that struck the global economy in 1929 is considered one of the most important factors that led to the emergence and development of the principle of accounting disclosure, as he pointed out. (Maingot, Quon, & Zéghal, 2018) As the global economy was exposed to the largest crisis in its history. It is unfortunate that many companies showed astronomical profits, which led to confusion within the financial community, and consequently many parties, led by financial analysts, demanded the intervention of the authorities supervising these companies and that the quantity and quality of data not be limited to the management of companies, as demands were made to organize the published data. By companies, and from here the accounting profession intervened by issuing the first accounting standard No. (1) Presentation of Financial Statements, and thus disclosure was transformed from an optional issue to a mandatory issue with binding standards, which constituted the birth of the disclosure of accounting information.

In addition, the spread of joint-stock and multi-ownership companies is one of the most important factors that led to the emergence of an accounting revolution (separation of ownership from management), which called for the necessity of disclosing financial information in the financial statements of companies, especially after the heavy reliance on the funds of the investing public (Karbhari, 2002).

Return on shares is considered one of the most important pillars that investors rely on when making their investment decisions in enterprises. The higher the return, the more investors are encouraged to invest. The most important thing that investors focus on when buying stocks and bonds is the amount of returns expected to be obtained as a result of investing in stocks. The annual return of the stock attracts the first attention of investors, as the value of the return is predicted through the profits achieved by the company in previous years, and the total return includes the profits and losses that It is obtained as a result of owning the stock, so one of the important matters in investment is the necessity of measuring investment returns for the various stocks that are traded in the market, as the results may have a significant impact on the investment decision (Mall & Gupta, 2019). Therefore, most external parties who need information about the facility are often unable to access and view the facility's books and records, as these parties rely on the published disclosures, reports, and financial statements to identify the facility's economic conditions, its financial performance, and the value of the returns that the company pays to shareholders ((Al-Sraheen, 2019.

Research Problem:

Some studies have indicated that there is a significant impact of accounting disclosure on new investors in Jordanian companies, and it also has a clear impact on the competitive environment in Jordanian companies, as indicated by Harb (2016). Other studies, such as Al-Taweel and Zahlot (2014), indicated that the average level of disclosure in the financial statements of Jordanian companies listed on the Amman Financial Market is (62%), as this percentage is considered weak when compared to disclosure requirements. While the study by Naser, Al-Khatib & Karbhari (2002) revealed that there is a slight improvement in the depth of disclosure in the financial statements of Jordanian companies after the introduction of international accounting standards. The study (Alamosh, & Mansor, 2021) indicated wide differences in the current practice of disclosure among Jordanian companies, as companies provided a high level of disclosure about the two elements of reporting, which are risks and opportunities, and the basis of preparation and presentation, while four of the reporting elements show disclosure at the level Average. Previous results indicate that the level of disclosure in Jordanian companies is not at the required level, which may have negative effects on investors' decisions, which will inevitably lead to weak investment and competition, and perhaps to the collapse of some companies, and this is what happened in some economies, as shown in the results of previous studies.

Therefore, the unacceptable level of accounting disclosure in the financial statements of Jordanian companies is considered a major problem that may distort the financial reports and cause them to lose a large part of their value. This problem was a great incentive to conduct the current study and shed light on this research problem and attempt to treat it. Full disclosure, which is characterized by transparency and objectivity, encourages investors to buy shares of companies, and this in turn increases the value of companies' stock returns, in addition to the fact that accounting disclosure also works to protect the rights of shareholders, as it helps them make decisions in a less risky manner and considering complete and clear information. In the United States, for example, WorldCom collapsed after declaring bankruptcy, which represented a major shock to the financial markets (Mall & Gupta, 2019).

Research questions:

Through what was presented in the introduction to this study and what was also clarified in the research problem, which focuses on the weak level of accounting disclosure in Jordanian companies and its negative effects on the Jordanian economy through the loss of investors' confidence in the financial statements, which leads to weak investment due to ambiguity or disclosure. is insufficient and may therefore affect the continuity of companies. The current study may seek to answer the following questions:

- What is the level of disclosure in Jordanian service companies listed on the Amman Financial Market?
- Measuring the impact of accounting disclosure on stock returns in Jordanian service companies listed on the Amman Stock Exchange.

- Measuring the effect of ownership concentration (as a modified variable) on the relationship between accounting disclosure and stock returns in Jordanian service companies listed on the Amman Stock Exchange.

Research Objectives

The current study aims, through the previously mentioned research problem, to shed light on the role of accounting disclosure in improving stock returns for Jordanian companies. The study also added ownership concentration as a moderating variable on the relationship between accounting disclosure and stock returns, as a basic contribution to the study model that aims to enhance the role of disclosure. Accounting in improving stock returns for Jordanian companies. The objectives of the study are summarized as follows:

- Measuring the level of disclosure in Jordanian service companies listed on the Amman Financial Market
- Measuring the impact of accounting disclosure on stock returns in Jordanian service companies listed on the Amman Stock Exchange.
- Measuring the effect of ownership concentration (as a modified variable) on the relationship between accounting disclosure and stock returns in Jordanian service companies listed on the Amman Stock Exchange.

Literature Review and Hypothesis Development

Bin Sousha Thamer (2017) indicated in the results of his study that disclosing the accounting information necessary to make the decision to invest in securities is information that benefits both the investor, the company issuing the securities, and society. The availability of information about the company leads to increased confidence among the investor and his reassurance about his investments in That company, which prompts him to direct his investments towards the optimal investment, and this helps the company issuing securities in collecting the necessary funds for it, which is reflected in its effectiveness and thus increases the rate of economic growth. The accuracy of published data and information greatly affects investors’ decisions, and any defect in this information and data leads to a decrease in the efficiency of the financial market and will be directly reflected in the price of the stock in the financial market. As a result, a distance is achieved between the price in the stock market and the real value of this stock, so It is necessary for the investor to research and follow information and data that affect securities prices.

The study (Zahr, 2019), which was conducted on service companies listed on the Egypt Index, also found that the liquidity of shares is negatively affected by both the ownership of major shareholders and the type of ownership, and the level of qualitative disclosure of risks is positively affected by the type of ownership. The researcher recommended the necessity of issuing an Egyptian accounting standard. The concentration of ownership of shareholders who are described as large is taken into account, and companies are encouraged to disclose risks quantitatively.

A study conducted on industrial companies listed on the Amman Stock Exchange also found that there is a statistically significant effect between voluntary disclosure and the cost of capital, with an inverse relationship between them, and a statistically significant effect between voluntary disclosure and the cost of equity and the cost of debt, which indicates the role of voluntary disclosure in Reducing the phenomenon of information asymmetry between the company and the users of its financial statements, which led to reducing the cost of capital for these companies. The researcher recommended increasing the disclosure rate in public shareholding industrial companies, taking advantage of it to reduce the state of information asymmetry, which reduces the risk rate and increasing the efficiency of the Amman Financial Market, and increasing disclosure of information that meets the needs of shareholders to rationalize them in making their investment decisions, and exploiting it to achieve its goals through... Attracting the largest possible number of investors (Al-Naimi 2019). These results are also consistent with the findings of (Hilali and Al-Jabrouni, 2018; Ramlay, 2018), which indicate that the basic role of voluntary disclosure works to improve confidence regarding financial reports in the Egyptian business environment, which leads to the revitalization of financial markets, in addition to the presence of... A significant effect of the quality of disclosure of future non-financial investment information on investment efficiency.

Bravo (2016) also showed in the results of her study, which selected American companies as a sample, that the disclosure of future information in companies with a high reputation is linked to a negative relationship with the fluctuations of stock returns, and also leads to reducing the cost of capital. Muslu et al, 2015 also found in their study conducted on American companies during the period from 1993 to 2009 that companies that disclose more future information in the management discussion and analysis report, the returns on their name strongly reflect information about future profits, which affects on the efficiency of investment decisions. Therefore, through the previous studies and various results, the current study proposes the first research hypothesis, which states the following:

H1: There is a statistically significant relationship between accounting disclosure and stock returns in Jordanian companies listed on the Amman Stock Exchange.

As for the role of ownership concentration on the relationship between accounting disclosure and stock returns, the study of Al-Qudah and Al-Hamdan (2013) found that capital concentration has a positive and statistically significant impact on the performance of Jordanian banks as measured by return on assets, return on equity, and earnings per share. Net. The study (Al-Janadi..et..al, 2016) also showed that there is a negative effect of government ownership as an intermediary variable on corporate governance, as well as on voluntary disclosure. Thus, government ownership plays a major role in the effectiveness of corporate governance, and the study also demonstrated the necessity of application. Optimizing corporate governance practices to provide adequate and high-quality disclosure.

In a study conducted on data collected from (102) companies listed on the Tehran Stock Exchange during the period 2007 to 2014 by (Shiri et al. 2016), which showed that there is a positive effect of ownership structure and a negative effect of the quality of disclosure on information asymmetry, as the study showed. That financial information that can be disclosed is used in decision-making in the capital market. As for the study (Vermeulen, 2012), which aimed to shed light on beneficial ownership and control, this study was applied in the Indonesian Organization for Economic Cooperation and Development. The study also showed that investor confidence in financial markets depends largely on the existence of an accurate disclosure system that provides transparency in ownership of companies listed on the stock exchange, and that corporate governance systems are characterized by concentrated ownership, as large investors who have significant voting rights are encouraged to develop companies' performance. Thus, it is possible for beneficial owners who have large voting groups to obtain incentives and opportunities to achieve personal gains over minority investors. This study also focused on the need to protect the rights of minority investors, and the interests of other stakeholders and society must be considered, as it showed. The study indicates that there is a need to provide legal protection to minority investors and other stakeholders, as investors with significant rights obtain significant gains. Therefore, based on the evidence presented and the results of previous studies conducted in this context, the current study hypothesizes the second research hypothesis as follows:

H2: There is a statistically significant effect of ownership concentration on the relationship between accounting disclosure and stock returns in Jordanian companies listed on the Amman Stock Exchange.

The importance of studying

Anyone who looks at the collapse and bankruptcy of some major international companies, which led to the emergence of successive financial crises, in addition to the reasons mentioned and also discussed in this study, sees that accounting disclosure has a prominent role and is considered one of the important factors that influence... On the future of companies and their market value. The focus in this study was on accounting disclosure and stock returns, as they are among the important factors that investors focus on when making their investment decisions. The investor relies primarily on the financial information contained in the financial statements for the purposes of making decisions and directing capital. Therefore, the level of disclosure had to be sufficient to increase investors' confidence in the financial statements and the information they contain that would enable them to make a correct investment decision. Investors' focus is often on stock returns, so it is necessary to focus on the role of accounting disclosure in improving investment opportunities, which will be reflected in stock returns.

Research limitations:

There are many limitations related to the research, which will be explained through the following:

Spatial determinants: This study was applied to Jordanian companies listed on the Amman Financial Market, as the financial statements of those companies are published on the Amman Stock Exchange website. In addition, the focus was only on the service sector and the companies included in it as a sample for the research, excluding the rest of the sectors.

Time limits: The study was applied for a period of 4 years, covering the period from 2017 to 2020.

Determinants related to the research variables: Accounting disclosure and ownership concentration were chosen as variables that affect the stock return, although there are other variables that have a role in the stock return rate.

Research Methodology

The study population consists of Jordanian companies listed on the Amman Stock Exchange in their three sectors (industrial, service, and financial), where, according to statistics from the Securities Depository Center, their number reached (235) companies (SDC, 2023). As for the study sample, the current study focused on the service companies listed on the Amman Stock Exchange, which numbered (139) companies according to the statistics of the Amman Stock Exchange in 2023 (SDC, 2023), where the focus was on the service sector as a sample for the study as it represents approximately 60% of the number of companies in the three sectors. Listed, the service sector is of strategic importance and nature and contributes more than 8.2% of the GDP. This sector is growing at an annual rate of 6% and employs about 7.6% of the Jordanian workforce, producing about 126 thousand job opportunities, as indicated by the Jordan Investment Authority (2022) reports. The total number of views that entered the analysis process reached (440) views over 4 years. (110 companies multiplied by 4 years), representing 79% of the total sample size of (139) companies, where a group of companies was excluded due to the lack of data for them. This study will also cover a period of 4 years from 2018 to 2021 and will be referred to. To the published financial statements of those companies for the purposes of collecting and analyzing data using SPSS.

Measurements of Research variables:

Accounting disclosure: There are several ways to measure accounting disclosure, as the majority of these measures used the index system, which represents a list of elements that the company must disclose in its financial statements, and these elements are divided into several sections, for example (disclosure of form and content or What is called content analysis, disclosure of future information, disclosure of good and bad news, etc.). These indicators, which suit the purposes of this research, were prepared by referring to many sources such as (Yassin, 2017). (Sharma, 2013) and (Budisusetyo & Almilia, 2011) and by referring to the disclosure indicators and requirements stipulated in the instructions of the Jordanian Securities Commission, as shown in the following table:

Earnings per share: Shares are one of the most important means of financing in companies and one of the most important factors that affect investment decisions in the company. Return on share (earnings per share) is one of the most important variables in determining the share price, and it is also a main component used to calculate the price-to-value ratio. Profits, where the measure shown in the equation below will be used to measure earnings per share, which was previously used by (Gangadhar & Ramesh, 2006).

(Net Income – Dividends on preferred stock)/ The weighted average number of common shares outstanding during the period.

Ownership concentration: Ownership concentration was measured by the percentage of shares owned by major shareholders relative to the total number of shares. In this study, ownership concentration was measured by the percentage of shares owned by investors who own 5% or more of the company's total shares, as this measure has been used by many previous studies such as (Al-Sraheen, Saleh, & Alsmadi, 2019).4

Research model

Below is the linear equation for the two research models, which explains the relationship between the study variables for the purposes of data analysis:

$$SR_{it} = \beta_{0+} \beta_1 Dis_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (1)$$
$$SR_{it} = \beta_{0+} \beta_1 Dis_{it} + \beta_2 OWC_{it} + \beta_3 Dis_{it} * OWC_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots \ldots (2)$$

Where

SR	Stock Return
DIS	Disclosure
OWC	Ownership Concentration
Dis*OWN	moderating variable, the interaction between accounting Disclosure and Ownership Concentration
Ɛ	Standard error

The study hypotheses were tested using the following tests:

Simple Linear Regression Analysis to measure the direct relationship between accounting disclosure and stock returns.

Hierarchical regression analyzes to measure the role of ownership concentration as a moderating variable on the relationship between disclosure and stock returns.

Tests related to the Regression Assumption were also conducted, through which we ensure that the data is ready for analysis and that there is no violation of these assumptions. These assumptions include the following: Normality, Outliers, Linearity, Homoscedasticity, Autocorrelation.

Analysis and Results

This section shows the basic results of descriptive statistics for the study variables, in addition to testing the basic hypotheses for the regression test and ensuring the validity of the data for the analysis process. This section also presents a test of the study hypotheses.

Table (1) Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Accounting Disclosure	440	2	3	2.91	.281	-2.955	6.764
Stock Return	440	-.80	1.00	.0264	.18604	1.119	7.742
Ownership Concentration	440	.00	98.50	59.5489	21.88908	-.528	-.433

Table 1 tests the normal distribution of data through the values of Skewness and Kurtosis. It appears from the previous table that the Skewness value for all variables is less than 3, and thus it is considered within the normal limit, as reported by (Hair et al., 2018). It also appears from Table No. 1 that the Kurtosis value is less than 10, and this also indicates that the data may They are normally distributed and there is no violation of this assumption.

Table (2) Pearson Correlation Matrix

	Accounting Disclosure	Stock Return	Ownership Concentration
Accounting Disclosure	1		
Stock Return	-.117*	1	
Ownership Concentration	-.134**	.121*	1

Multicollinearity between variables is measured through the previous table, as previous studies indicated that the correlation values between the variables should not exceed 0.90 (Tabachnick & Fidell, 2007). Therefore, the results indicated that the highest correlation value was between ownership concentration and accounting disclosure, with a value of (-0.134). It is within the permissible limit, and this indicates that the data are naturally related to each other. The results also indicated that the Durbin-Watson (DW) value is (1.93), which falls within the normal limit, which should be between 1.4 to 2.6. Therefore, it is considered the data are free from time series problems as reported by (Hair et al., 2018).

Through the table above, we can answer the first research question, which aims to measure the level of disclosure in Jordanian companies, as the results of the descriptive statistics shown in Table No. (1) indicate that the arithmetic average of disclosure of accounting information reached (2.91), which is considered weak and unacceptable disclosure. Disclosure was divided into three levels (less than 0.33 is weak disclosure, a value between 0.33 and 0.65 is medium disclosure, and greater than 0.66 is considered high disclosure). Therefore, by achieving the first research objective, we recommend this study to Jordanian companies and decision makers to oblige companies to exercise more care regarding the disclosure of accounting information and the necessity of monitoring these disclosures because of their important role in attracting investment and achieving high returns per share.

As for returns per share, the results indicated that the arithmetic average reached (0.264), which is considered somewhat modest. The highest return value was (1), which is considered a good value in this regard. As for concentration of ownership, the arithmetic average reached (59.5), which means that ownership is concentrated in approximately 59% of Jordanian companies, meaning that more than 5% of the shares are owned by specific people.

Table (3) Testing the research Model

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics: R^2Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.110a	.012	.010	.19078	.012	5.398	1	438	.021	
2	.159b	.025	.021	.18972	.013	5.943	1	437	.015	1.93

The results shown in Table No. (3) indicate that the value of R2 is 0.025), which indicates that the independent variable (accounting disclosure) explains approximately 2.5% of the apparent variance in the dependent variable (earnings per share), and that this value has improved by an amount (0.013) R2 Change after introducing ownership concentration into the second study model as an adjusting variable. This percentage is considered relatively low, and this is because this study focused only on two factors: accounting disclosure and the ownership concentration factor, as it is natural for this percentage to be low due to the presence of many factors that affect the return of shares in companies, which were not addressed in this study. The study, which will be highlighted in the recommendations, as these factors contribute to explaining approximately 97.5% of the variance in the dependent variable.

Table No. (3) also indicates that the first model in this study, which measures the relationship between accounting disclosure and earnings per share, is considered important and statistically significant based on the value of (F value = 5.398; Sig = 0.021). The second model in this study, which measures the role of ownership concentration as a moderating variable on the relationship between accounting disclosure and return per share, reached (F value = 5.943; Sig = 0.015), which indicates that the second model is also considered an important and statistically significant model.

Through Table No. (4), through which the main study hypotheses were tested, the first hypothesis indicates that there is a positive, statistically significant relationship between both accounting disclosure and earnings per share, through the value of each of (T value = 2.323; Sig= 0.021). The results of this study are consistent with the results of many previous studies, such as (Hilali and Al-Jabrouni, 2018; Ramley and Rizk, 2018), whose results indicate that voluntary disclosure works in its fundamental role to improve investors' confidence in financial reports, which leads to the stimulation of financial markets, in addition to the presence of... A significant effect of the quality of disclosure of future non-financial investment information on investment efficiency.

Table (4) Hypotheses Testing

		Unstandardized B	Std. Error	Std. Beta	t	Sig.
1	(Constant)	.248	.095		2.615	.009
	Accounting Disclosure	.075	.032	.110	2.323	.021
	Stock Return	.001	.000	.116	2.438	.015
2	(Constant)	.156	.101		1.539	.124
	Accounting Disclosure	.065	.032	.095	1.988	.047
	Stock Return	.001	.000	.112	2.340	.020

Accounting Disclosure* Ownership Concentration	.0040	.002	.375	2.146	.032

As (Muslu et al, 2015) pointed out in their study conducted on American companies, companies that provide extensive disclosure of future financial and non-financial information in financial reports, the returns on their name strongly reflect information about future profits, which affects the efficiency of investment decisions. Therefore, based on this result and the results of previous studies reported that are consistent with what we reached in this study, the research hypothesis was accepted that there is a positive and statistically significant effect of accounting disclosure on return per share.

This result can also be interpreted that increasing the degree of accounting disclosure for companies leads to increased investor confidence in companies, which increases demand for the shares of those companies and thus increases the market returns of those companies, as this result is consistent with the results reached by Al-Khouri and Balqasem (2006), where Their study found that there was a positive and significant statistically significant effect of disclosing annual financial reports on trading volume, especially during the second and third days, after the date of disclosing those lists, compared to companies that were late in disclosing their financial statements. As Al-Awad pointed out, 2010) indicated that there is a positive relationship between the information available about the company, its shares in the market, and trading volume, which also ultimately affects stock prices.

From the researchers' point of view, the results of this study are consistent with the normative approach, which explains that disclosure has a fundamental impact on the market value of companies because it inevitably takes into account future predictions, whether for risks or benefits that the company will face, and therefore it is of benefit to investors. In addition, companies may be close to the community in which they operate due to disclosing information that the community deems necessary and which would bridge the distance between the company and the community in which it operates and other companies operating in the same field, as this will be reflected in the company's ability to define and manage those expectations. With high efficiency, this is consistent with the result reached by (Campble et al., 2014).

As for the second variable, ownership concentration, the results in Table No. (4) above indicated that there is a statistically significant positive relationship between ownership concentration and return per share, through the value of (T value = 2.438; Sig = 0.015). This indicates that companies in which ownership is highly concentrated have high earnings per share, which demonstrates that the nature of Jordanian companies is family companies and family ownership is highly concentrated. Managements seek to pass these companies on to the next generations of the family, and therefore they seek to improve performance and ensure the greatest return on shares, and this is what (Al-Sraheen, Saleh, & Alsmadi, 2019) pointed out in his study that he conducted on the Jordanian market. .

As for the second research hypothesis, which indicates that the variable modifying the interaction between concentration of ownership and accounting disclosure plays an important role in the relationship between accounting disclosure and return per share. The results shown in Table No. (4) and in the second step of the analysis indicate that ownership concentration contributes positively to improving the relationship between accounting disclosure and return per share. In other words, for a company in which ownership is concentrated, the relationship between accounting disclosure and stock return is better. Therefore, based on the results of Hierarchical Regression analysis, which indicate that the value of each of (T value = 2.438; Sig = 0.015). The results of this hypothesis were consistent with the results of some previous studies, such as (Vermeulen, 2012), which showed that investor confidence in financial markets depends largely on the existence of an accurate disclosure system that provides transparency in ownership of companies listed on the stock exchange, and that corporate governance systems are usually characterized by concentrated ownership. Large investors who have significant voting rights are interested in developing companies' performance. This result was also consistent with the findings of the study of Al-Qudah and Al-Hamdan (2013), which indicated that the concentration of capital in the hands of a small group has a positive and statistically significant impact on the financial performance of Jordanian banks as measured by the return on assets, the return on equity, and the share of equity. Net profits.

This result can also be explained by the fact that when ownership is concentrated in the hands of a small number of shareholders, the incentives and motivations of these shareholders to control and monitor management may become stronger. Higher ownership concentration may lead to a link with a controlling owner who can be highly involved in the management of the company, contribute to management control and reduce opportunistic behavior by some management (Burkart, Gromb, & Panunzi, 1997). However, previous research suggests that although the agency problem is reduced by the presence of a controlling owner, the controlling owner itself may become another source of corporate governance issues. Given the high concentration of ownership that prevails in most countries of the world as reported by most previous studies, attention has been devoted to the relationships between owners themselves and the potential major problem between management and owners (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008), which is also known as the problem of Agency of the second type. If the controlling owner begins to act in his own self-interest over the interests of the collective, he may attempt to leverage his control at the expense of the minority owners and expropriate the wealth of those minority owners.

Recommendations

The current study presents a set of recommendations based on the results reached. These recommendations focus on:

The current study recommends that corporate management, regulators of the accounting profession, and decision-makers in the Jordanian government need to move towards innovation, modernize public policies, and create mechanisms that obligate companies to a higher level of disclosure of financial and non-financial information that users of financial statements need because of their positive impact on investors' confidence in these statements and improving performance. Corporate finance by increasing returns on stocks. As the world is now moving towards digital transformation and electronic financial statements, it is necessary to keep pace with this development.

It is necessary to add some important variables to the study model that would improve the level of return per share and increase investors' confidence in the published financial statements. These variables include, for example, the presence of an audit committee in the company, the cash flow surplus, dual duties of the CEO and Chairman of the Board of Directors, ownership structure, and other variables. related to.

It is necessary to focus on extending the study period, as the current study studied the financial statements published during the period from 2017 to 2020, so we recommend taking a longer financial period of no less than (10) years in order to increase the ability to generalize the results.

Conclusion

The current study aimed to shed light on one of the most important problems facing Jordanian companies and the Jordanian economy in general, which is the weak level of information disclosure in the financial statements of Jordanian companies, as this problem affects several things, the most important of which is investors' confidence in the information contained in the financial statements and the financial results of these companies. Which leads to weak investment and then the eventual collapse of companies, as happened with some international companies, as we mentioned above. The current study studied the effect of disclosure on stock returns, in addition to studying the role of ownership concentration as a moderating variable on the relationship between accounting disclosure and stock returns. The results indicated that there is a positive and statistically significant relationship between accounting disclosure and stock returns. In addition, concentration of ownership plays an important role in improving the relationship between accounting disclosure and stock returns. This study focused on Jordanian service companies listed on the

Amman Stock Exchange for the period between 2017 and 2020. The total number of observations that entered the analysis process reached 440 companies over 4 years.

References:

Al Amosh, H., & Mansor, N. (2021). Disclosure of integrated reporting elements by industrial companies: evidence from Jordan. Journal of Management and Governance, 25(1), 121-145.

AL-Janadi, Y, Rahman, R, Alazzani, A.,(2016), Does government ownership affect corporate governance and corporate disclosure? Evidence from Saudi Arabia, Managerial Auditing Journal, 31(8): 1-20.

Al-Naimi, Faten (2019), Voluntary disclosure and its impact on the cost of capital in operating joint-stock industrial companies listed on the Amman Financial Market, Arab Journal of Management, 39 (3): 95-108.

Al-Qudah, Ali, Al-Hamdan, Nasser (2013) The impact of capital concentration on the performance of Jordanian banks listed on the Amman Stock Exchange: an analytical study, Al-Manara Journal for Research and Studies, Volume 19 (4).

Al-Sraheen, D. A. A. D. O. (2019). The role of the audit committee in moderating the negative effect of non-audit services on earnings management among industrial firms listed on the Amman Stock Exchange. Afro-Asian Journal of Finance and Accounting, 9(3), 349-361.

Al-Sraheen, D. A. D., Saleh, R. M., & Alsmadi, M. H. (2019). Cosmetic Accounting Practices among Jordanian Firms? The Role of Ownership Concentration and Political Influence. Review of Applied Socio-Economic Research, 17(1), 18-25.

Al-Tawil, & Afra Zahlout. (2014). The impact of international auditing companies (the Big Four) on the level of accounting disclosure - a study on Jordanian industrial companies listed on the Amman Stock Exchange. Tishreen University Journal-Economic and Legal Sciences Series, 36(2).

Bin Sousha Tamer. (2017). Accounting disclosure and its role in rationalizing the investment decision in the stock market (Doctoral dissertation, Hassiba Ben Bouali University of Chlef, Management Department).

Bravo, F.(2016).”forward-looking disclosure and corporate reputation as mechanisms to reduce stock return volatility”. Revista de contabilidad-spanish accounting review. 19(1):122-131.

Budisusetyo, S., & Almilia, L. S. (2008). The practice of financial disclosure on corporate website: Case study in Indonesia. Available at SSRN 1219451.

Burkart, M., Gromb, D., & Panunzi, F. (1997). Large shareholders, monitoring, and the value of the firm. The quarterly journal of economics, 112(3), 693-728.

Campbell, J. L., Chen, H., Dhaliwal, D. S., Lu, H. M., & Steele, L. B. (2014). The information content of mandatory risk factor disclosures in corporate filings. Review of Accounting Studies, 19(1), 396-455.

Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Latham, R. (2018). Multivariate data analysis (8th ed). New Jersey: Pearson3.

Hilali and Al-Jabrouni, Hussein, Sahar (2018), the role of voluntary accounting disclosure in attracting investment with the aim of stimulating emerging financial markets with a field study, website: https://jsst.journals.ekb.eg, access date: 9/22/2021 AD.

Ikram, Zahr (2019), Analysis of the relationship between ownership and quantitative and qualitative disclosure of risks and their impact on the liquidity of the stock, "An applied study", Journal of Accounting and Auditing, Issue (2): 354-438.

Maingot, M., Quon, T., & Zéghal, D. (2018). Risk management by US and Canadian financial firms during the financial crisis. International Journal of Disclosure and Governance, 15(4), 221-234..

Mall, P., & Gupta, K. (2019). Impact of merger announcements on stock returns of acquiring firms: Evidence from INDIA. Journal of Commerce & Accounting Research, 8(1), 46-53

Muslu, V., Radhakrishnan, S., Subramanyam, K. R., & Lim, D. (2015). Forward-looking MD&A disclosures and the information environment. Management Science, 61(5), 931-948.

Naser, K., Al-Khatib, K., & Karbhari, Y. (2002). Empirical evidence on the depth of corporate information disclosure in developing countries: The case of Jordan. International journal of commerce and management.

Rumaili, Th. M. R., & Thanaa Muhammad Rizq. (2018). The impact of the company's operational characteristics and corporate governance on the relationship between the quality of disclosure of future non-financial investment information and investment efficiency, an applied study on companies listed on the Egyptian Stock Exchange. Journal of Accounting Research, 5(2), 354-392.

Sharma, N. (2013). Web-based disclosures and their determinants: evidence from listed commercial banks in Nepal. Accounting and Finance Research, 2(3), 1-13.

Shiri, M, Salehi, M, Radbon,A.,(2016), Study of Impact of Ownership Structure and Disclosure Quality on Information Asymmetry in Iran, The Journal for Decision Makers 41(1) 51–60.

Tabachnick BG, Fidell LS. 2013. Using multivariate statistics: Pearson new international edition. Pearson Education Limited, London, United Kingdom.

V. Gangadhar & G. Ramesh Babu, Dz) investment Management dz,Anmol Publications pvt. Ltd., New Delhi

Vermeulen, E. P. M. (2012). Beneficial ownership and control, a comparative study, OECD-Indonesia policy dialogue: Disclosure of beneficial ownership and control. OECD Corporate Governance Working Papers, 2012. http://www.oecd.org/dataoecd/41/38/50068886.pdf

War (2016). The impact of accounting disclosure on new investors and the competitive environment on tourism companies in Jordan. Arab Journal of Science and Research Publishing, 2016 Vol.2 Issue 7, pp.177-193, 2016 Vol.2 Issue 7, pp.177-193, 1.

Yassin, M. M. (2017). The determinants of internet financial reporting in Jordan: financial versus corporate governance. International Journal of Business Information Systems, 25(4), 526-556.

Young, M. N., Peng, M. W., Ahlstrom, D., Bruton, G. D., & Jiang, Y. (2008). Corporate governance in emerging economies: A review of the principal–principal perspective. Journal of management studies, 45(1), 196-220.