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(Pooled (2009-2004) regression)

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(Martnez & Fuentes, 2007)
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(Securities and Exchange Commission SEC)
(New York Stock Exchange NYSE)
(National Association of Securities Dealers NASDA)
(Blue Ribbon Dealers NASDA)

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(Dechow, 1994)

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(Earnings smoothing) (Schipper & Vincent, 2003)
 .(Earnings management)
 Lee, et al., (Shareholder composition) :
 (2007)
 (Jenkins & Velury, 2006) .(Dechow & Schrand, 2004)
 (Farinha, 2007)
 .
 (Controlling shareholder)
 (Tong & Wang, 2007) (Altamuro & Beatty, 2006)
 (Beasley, 1996) (Sloan, 1996)
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 (Lai & Tam, 2007) (Francis et al., 2004; Dechow & Dichev, 2002 2008)
 (Wang, 2007)
 .(Abdelghany, 2005)
 (Vafeas, 2005) (Wild, 1996) De-jun, (2009)
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 (Zhai, 2006)
 (Lin, et al., 2006) (Ewert & Wagenhofer, .2005)
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 (2009) (Barth, et al., 2008)

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Blue Ribbon 2011)
(2009) (Committee, 1999)

(Teitel & Machuga, 2010) .

(Code of Best Corporate Governance
Practices) .

(Baxter & Cotter, 2009)

(Balsam et al., 2003)
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(Accrual
estimation errors)

(2012) .

(Machuga & Teitel, 2007)

.(Altamuro & Beatty, 2006)

(2012) (Public
(Private firms) firms)
(Givoly, et al., 2010)

(Agency (Litigation risk
.costs)

(Richardson et al., 2005)

(2009) (77)
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9	2	11
3	3	6
10	0	10
8	4	12
1	1	2
6	8	14
1	2	3
5	2	7
2	0	2
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50	27	77

(Eisenberg, et al., 1998) (Yermack, 1996)
(Lipton & Lorsch, 1992)

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(Huang, 2005)

(Huang, 2005)

(1)

(Beasley, 1996)

(Altamuro & Beatty, 2006; Schipper

(Sloan, 1996)

& Vincent, 2003)

(Richardson et al., 2005)

$$ROA_{i,t+1} = \gamma_0 + \gamma_1(ROA_{i,t} - TACC_{i,t}) + \gamma_2 TACC_{i,t} + v_{i,t+1} \dots\dots\dots(1)$$

.(t+1)

(i)

: ROA_{i,t+1}

:γ₁

:γ₂

.(t)

(i)

:TACC_{i,t}

" ROA_{i,t+1}

(Total accrual)

(γ₁ coefficient) γ₁

"1

·γ₂

(γ₂-γ₁)<0

(γ₂<γ₁)

:

(1)

$$ROA_{i,t+1} = \rho_0 + \rho_1 ROA_{i,t} + \rho_2 TACC_{i,t} + v_{i,t+1} \dots\dots\dots(2)$$

: (1)

$$ROA_{i,t+1} = \gamma_0 + \gamma_1 (ROA_{i,t}) + (\gamma_2 - \gamma_1) TACC_{i,t} + v_{i,t+1} \dots\dots\dots(3)$$

$$(1) \quad \begin{matrix} \rho_2 = (\gamma_2 - \gamma_1) & (\rho_1 = \gamma_1) \\ (\gamma_1 - \gamma_2) & \\ (\rho_2 < 0) & \end{matrix}$$

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(2009) .(EQR)

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(DeAngelo, 1981)

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(2006) (2005)

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(Shockley, 1982)

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(Natural

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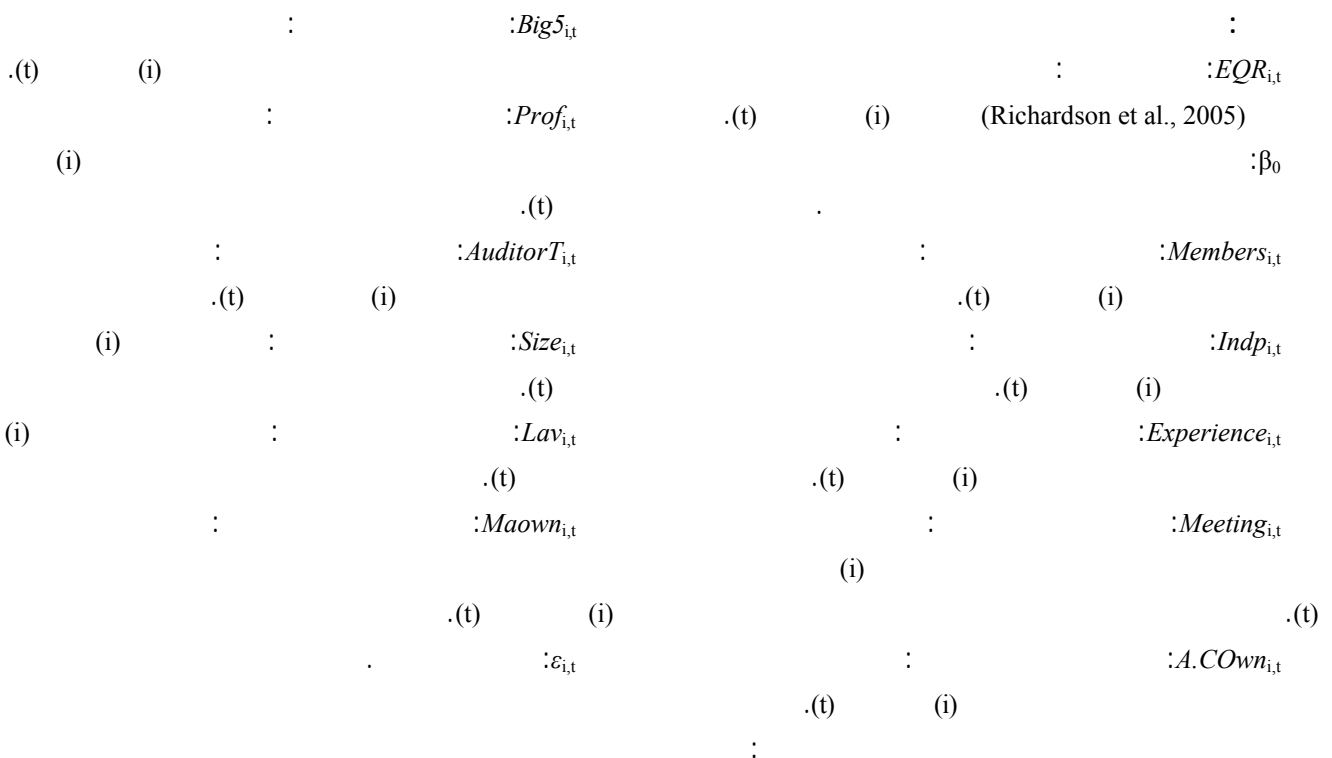
(Richardson et al., 2005)

$$(3 \ 2 \ 1)$$

(1)

$$\text{(dummy variable)} \quad (0)$$

$$EQR_{i,t} = \beta_0 + \beta_1 Members_{i,t} + \beta_2 Indp_{i,t} + \beta_3 Experience_{i,t} + \beta_4 Meeting_{i,t} + \beta_5 A.COwn_{i,t} + \beta_6 Big5_{i,t} + \beta_7 Size_{i,t} + \beta_8 Lav_{i,t} + \beta_9 Maown_{i,t} + \beta_{10} prof_{i,t} + \beta_{11} AuditorT_{i,t} + \varepsilon_{i,t} \quad (4)$$



$$EQRCV_{i,t} = \beta_0 + \beta_1 Members_{i,t} + \beta_2 Indp_{i,t} + \beta_3 Experience_{i,t} + \beta_4 Meeting_{i,t} + \beta_5 A.COwn_{i,t} + \beta_6 Big5_{i,t} + \beta_7 Size_{i,t} + \beta_8 Lav_{i,t} + \beta_9 Maown_{i,t} + \beta_{10} prof_{i,t} + \beta_{11} AuditorT_{i,t} + \varepsilon_{i,t} \dots\dots\dots (4.1)$$

(Richardson at el., 2005)

: $EQR-CV_{i,t}$

$$EQRDV_{i,t} = \beta_0 + \beta_1 Members_{i,t} + \beta_2 Indp_{i,t} + \beta_3 Experience_{i,t} + \beta_4 Meeting_{i,t} + \beta_5 A.COwn_{i,t} + \beta_6 Big5_{i,t} + \beta_7 Size_{i,t} + \beta_8 Lav_{i,t} + \beta_9 Maown_{i,t} + \beta_{10} prof_{i,t} + \beta_{11} AuditorT_{i,t} + \varepsilon_{i,t} \dots\dots\dots (4.2)$$

:H05

: $EQR-DV_{i,t}$

(Richardson at el., 2005)

(1) (dummy variable)
 (0)
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:H01

:H02

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:H04

(Martinez & Fuentes, 2007)

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(2)

4	3	0.206	3.043	2004	AC Members
4	3	0.202	3.042	2005	
4	3	0.200	3.041	2006	
4	3	0.200	3.041	2007	
4	3	0.202	3.042	2008	
4	3	0.208	3.044	2009	
1	0	0.259	0.403	2004	AC Experience
1	0	0.263	0.427	2005	
1	0	0.262	0.432	2006	
1	0	0.262	0.432	2007	
1	0	0.265	0.434	2008	
1	0	0.271	0.434	2009	
5	3	0.542	4.196	2004	AC Meeting
5	4	0.425	4.229	2005	
5	3	0.645	4.204	2006	
5	3	0.456	4.143	2007	
5	3	0.472	4.229	2008	
5	3	0.442	4.178	2009	
68.85	0	16.015	8.631	2004	ACOwn
73.58	0	17.965	10.277	2005	
68.61	0	20.027	11.789	2006	
68.85	0	16.758	11.826	2007	
68.85	0	17.174	12.222	2008	
79.15	0	19.474	14.370	2009	
413,000,000	560,000	78,077,897	29,342,925	2004	Company Size
406,000,000	450,258	76,857,839	30,927,269	2005	
386,000,000	784,000	75,385,919	34,467,122	2006	
916,000,000	430,303	167,000,000	59,738,663	2007	
1,080,000,000	800,000	185,000,000	72,645,856	2008	
240,000,000	1,000,000	43,238,763	27,680,673	2009	

75.125	1.820	22.290	32.192	2004	
78.569	2.310	23.041	29.812	2005	
80.547	1.690	21.912	29.934	2006	
83.254	0.890	24.627	31.561	2007	Leverage
83.654	0.790	19.797	26.927	2008	
81.987	0.310	20.329	27.315	2009	
89.250	0.000	20.875	15.960	2004	
89.250	0.000	20.176	16.694	2005	
89.250	0.000	20.591	16.299	2006	
89.250	0.000	19.631	16.234	2007	MAOWN
89.250	0.000	17.522	14.253	2008	
89.250	0.000	16.391	13.200	2009	
6.000	2.000	1.311	5.283	2004	
6.000	2.000	1.291	5.313	2005	
6.000	3.000	1.022	5.449	2006	
6.000	2.000	1.080	5.429	2007	Audit period
6.000	2.000	1.407	5.250	2008	
6.000	1.000	1.618	5.133	2009	

(3)

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Frequency of 0's	Frequency of 1's		
15 (30%)	35 (70%)	2004	
15 (30%)	35 (70%)	2005	
14 (28%)	36 (72%)	2006	
12 (24%)	38 (76%)	2007	AC Indep.
15 (30%)	35 (70%)	2008	
15 (30%)	35 (70%)	2009	
16 (32%)	34 (68%)	2004	Big5
16 (32%)	34 (68%)	2005	
16 (32%)	34 (68%)	2006	
16 (32%)	34 (68%)	2007	
19 (38%)	31 (62%)	2008	

Frequency of 0's	Frequency of 1's	
15 (40%)	30 (60%)	2009
11 (22%)	22 (44%)	2004
11 (22%)	23 (46%)	2005
11 (22%)	23 (46%)	2006
11 (22%)	23 (46%)	2007
11 (22%)	23 (46%)	2008
11 (22%)	23 (46%)	2009

Prof.

(2) :

(%40)

(3) :

%70

%76

%70

(%29)

(Dezoort & Salterio, 2001)

(Richardson et al., 2005)

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%48-44

%56-50

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(2)

(%11)

(%79)

(4)

Low EQ	Questionable EQ	High EQ	
25 (50%)	1 (2%)	24 (48%)	2004
25 (50%)	0 (0%)	25 (50%)	2005
25 (50%)	1 (2%)	24 (48%)	2006
25 (50%)	1 (2%)	24 (48%)	2007
28 (56%)	0 (0%)	22 (44%)	2008
50%) 25	1 (2%)	24 (48%)	2009

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(4.2 4.1)

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(Felo et al., 2003 2011

(Huang,

.2005)

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(Lin et al., 2006)

(5)

: 4.2	: 4.1		
EQRDV	EQRCV		
-3.603	2.475	+/-	AC Mem.
(0.000)	(0.015)		
1.289	0.472	+	AC Indep.
(0.197)	(0.638)		
0.984	-0.463	+	AC Exp.

(0.441)	(0.644)		
2.294	-2.353	+/-	AC Meet.
(0.022)	(0.020)		
-2.998	5.509	-	ACOwn.
(0.003)	(0.000)		
			:
-4.265	6.431	+	Big5
(0.000)	(0.000)		
3.620	-4.738	+	Size
(0.000)	(0.000)		
-3.274	0.075	+	Leverage
(0.001)	(0.941)		
-2.142	-0.721	-	MAOwn.
(0.032)	(0.473)		
0.423	0.489	+/-	Audit period
(0.672)	(0.626)		
-0.786	-2.100	+	Prof.
(0.432)	(0.038)		
	8.616		F-statistic
	(0.000)		<i>p</i> -value
	0.439		R-Square
0.705	0.388		Adjusted R ² (Akaike)

OLS: *t*-test (top), *p*-value (bottom), two-tailed. Binary logit: *z*-test (top), *p*-value (bottom).

t-Critical: at df 39, and confidence level of 99% is 2.390 and level of 95% is 1.671 and level of 90% is 1.296

z-Critical: at confidence level of 95% is 1.650

F-Critical (df for denominator $n-\beta-1 = 50-11-1 = 38$) and (df for numerator $=\beta=11$) and confidence level of 99% is 2.730 and confidence level of 95% is 2.040

(4.1: " (5) .
(AC Mem.) "

" (5) EQRCV
 (AC Indep.) " (t-test)
 (2.475)
 (t-test)
 (0.05) (p-value)
 (z-test) (t-test)
 .(0.05) (0.015) (p-value)
 (4.2: EQRDV)

(2011) (2011)
 - - (2009)

(Lin, et al.,2006)

(Mcmullen & Raghunandan, 1996)

(2001)
 : :

" (t-test) (5)
 (AC Exp.) "
 (z-test) (2009)
 (Saleh, et
 .al., 2007; Carcello, et al., 2006)

(Baxter & Cotter, 2009 2009)

2011) Baxter & Cotter, 2009; Xie, et 2009
(Lin, et al., 2006; .(al., 2003; Choi, et al., 2004; Bedard, et al.,
(Rahman & Ali, 2006)
(2011)
: (Saleh et al.,2007)
(2011)
(Mcmullen & Raghunandan, 1996)
(Martinez & Fuentes, 2007)
(Yang & Krishnan, 2005)
(5) (Qin, 2007 2011) (Bryan et al., 2004)
(AC Own.) " "
(t-test)
(z- .(Huang, 2005; Yang & Krishnan, 2005)
: test)
" (5) "
(AC Meet.)
) (BRC)

:

(2009

(Beasley, 1996)

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.(Wright, 1996)

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2009-2004

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					2012
	2001				-
:		.46-1	:	144	38
	2009				2006
:					2006
	2003				
:					2008
	2008				:
	2008				2005

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The Role of Audit Committees in Persisting Earnings as Evidence of Earnings Quality

Allam M. Hamdan, Subry M. Mushtaha and Bahaa S. Awad

ABSTRACT

The aim of this study was to investigate the characteristics of the audit committees in Jordanian Industrial Corporation, and their effect on earnings quality which is measured by persistence of earnings. The study included 50 industrial corporations listed in Amman stock exchange from 2004-2009. By using Pooled Regression method, the study concluded that there is a positive effect for the number of meetings of audit committee members on the earnings quality. There was also a negative effect for audit committee ownership on the earnings quality. At the same time,-- there was no effect for other characteristics of audit committee (size of audit committee, independence of audit committee members, and financial expertise of audit committee members) on improving earnings quality. Based on their results, the study recommended to several aspects either organizers or supervisions on the Jordanian financial market to activate the tools of corporate governance in terms of audit committee and implementation the principles.

Keywords: Corporate Governance, Audit Committees Characteristics, Earnings Quality, Earnings Persistence, Jordanian Industrial Corporations.