

Impact Of Applying Governance On Reducing Creative Accounting Practice And Enhancing Published Accounting Information Quality

Dr. Mahasin Abdallah Ali Shomo¹, Dr. Nahla Alnour Mohamed Almakki²,
Dr. Rogaia Mohammed Mohammed Ahmed Kratat³

¹Principal investigator Professor Assistant, Department of Applied
Accounting, Applied College, King Khalid University. Accounting Department –
Applied College in Khamis Mushait- King Khalid University,
email: mshomo@kku.edu.sa

²Professor Assistant, Department of Applied Accounting,
Applied College, King Khalid University.
Accounting Department - Applied College in Khamis Mushait-
King Khalid University

³Professor Assistant, Department of Applied Management,
Applied College, King Khalid University.
email: kratat@kku.edu.sa

Abstract:

The study aimed to clarify the role of governance on reducing creative accounting practices and enhancing the quality of published accounting information. The problem of the study was represented in improving organizations' image among the stakeholders and external users of the accounting information through the so-called creative accounting methods. Three hypotheses were set, a questionnaire was designed and data was collected from respondents. The study concluded that there is a statistically significant role between applying the principles of governance and reducing the practices of creating accounting methods by a multi-correlation coefficient of (0.000), and also between applying the principles of governance and enhancing the quality of published accounting information by a multi-correlation coefficient of (0.003). The study recommended that governance should be applied through consideration of the rules and principles included within the primary accounting standards in order to achieve the quality of accounting information and an

independent external auditor should be appointed to be responsible for checking final financial information with accordance to financial auditing standards.

Keywords: Corporate governance, creative accounting, quality of accounting information

Introduction:

Corporate governance has a special importance in the financial and business agenda due because of the benefit it brings to companies and community. This importance appeared when some of world giant companies were exposed to major financial declines, as under the separation of ownership from management and through the flexibility available in applying accounting principles and selecting accounting methods and policies, in addition to the lack of governance as an effective control system, many negative accounting practices emerged and management exploited these gaps to achieve its objectives at the expense of owners and investors. When management believed that laws were unable to hold it accountable for what it was doing, it decided to select a game to achieve its own objectives. If it did not achieve profits, it could create them through manipulating the financial figures, what is known in the accounting literature as creative accounting the newest manipulating of accounting and misleading that is practiced through exploiting the accounting flexibility and the multiplicity of alternatives in choosing accounting methods and policies. This negatively affects the quality of accounting information and misleads the users of accounting data, which led to decline trust between the parties of agency (owners and management) in light of the lack of trust in accounting information prepared by accountants under the management umbrella. This called for the search for solutions that reduce management practices to the minimum possible level, which led specialists to adopt the governance system as an integrated system for companies, which is based on three basic pillars: risk management, disclosure and control.

Study Problem:

In light of the global economic crisis and what is known as the agency theory, many departments resorted to beautifying organizations' image among the owners and external users of accounting information through the methods of the so-called creative accounting, using the flexibility available in accounting principles and selecting accounting methods and policy. This in turn affected the quality and credibility of published accounting information, which required the search for a mechanism to reduce this phenomenon. One of the most appropriate solutions was using the principles of governance to improve the credibility and quality of accounting information. Therefore, the problem of the study lies in:

1. In the case, the management practices creative accounting methods, is there a mechanism to curb this practice?
2. Is the mechanism of governance principles considered the best method that can be used to reduce the practice of creative accounting methods?
3. In the case, governance principles succeeds in reducing the practice of creative accounting methods, does this enhance the quality of published accounting information?

Study Objectives:

This study mainly aims to investigate the impact of applying the principles of governance in reducing the negative practices of creative accounting and its reflection on enhancing the quality of accounting information. There are also secondary objectives represented in the following:

- To identify the principles of corporate governance that affect creative accounting.
- To identify to what extent creative accounting practices affect the credibility and quality of published accounting information.

Study Significance

The significance of the study lies in highlighting the role the principles of governance play on reducing the practices of creative accounting methods and enhancing the quality of accounting information through the objectives the study aims to achieve. Utilizing the available flexibility in using the principles, methods and policies of accounting led to known as creative accounting methods used throughout the world resulting bankruptcy and deterioration of giant companies which negatively affected accounting profession and harmed

its reputation. This in turn led to lack of trust between management and stakeholders in the accounting information contained in the published financial statements.

Study Hypotheses:

The study sets the following hypotheses:

1. There is a statistically significant relationship between practicing creative accounting methods and low quality and credibility of published accounting information.
2. There is a statistically significant relationship between applying the principles of governance and reducing the practices of creative accounting methods.
3. There is a statistically significant relationship between applying the principles of governance and enhancing the quality and credibility of published accounting information.

Study Methodology:

The researchers adopted the deductive, the inductive, the historical, the statistical and the descriptive analytical approaches.

Data Sources:

The researchers adopted various methods of data collection, to obtain results as follows:

A- Theoretical aspect: In preparing the theoretical aspect of the study, the following sources were used:

1. Books and articles specialized in the field of creative accounting and the quality of accounting information.
2. Studies, research, Arab and foreign journals and periodicals that are directly and indirectly related to the study variables.

B- Practical aspect: In completing the practical aspect of the research and collecting the required data, a questionnaire was used as the main source of collecting the required data.

Study Limits:

A- Objective limits: The research investigates the role of governance principles on reducing creative accounting methods and enhancing the quality of accounting information.

B- Spatial limits: In the study population and sample, a number was selected of managers and employees of

companies and their branches distributed according to the managerial levels.

Time limits: The research data were prepared in 2022.

Study Variables:

An independent variable: Corporate governance

Dependent variables: creative accounting and the quality of accounting information.

Previous Studies:

1- Al-Bushra Zubaidi & Jamal Khleifati. (2022) conducted a study entitled: (The Impact of Applying Corporate Governance Principles on the Credibility of Financial Statements), Algeria.

The study used the descriptive approach, which investigates the phenomenon, reports its case, and describes it quantitatively, by collecting, classifying and analyzing data on the problem.

The study concluded the findings: There is a close correlation between the strength of corporate governance mechanisms and the quality of the financial statements. Corporate governance is the tool that guarantees the efficiency of a company's management in exploiting resources and studying risks. Strong corporate governance achieves trust in the content of the financial statements. Disclosure and transparency are the necessary principles of corporate governance. Corporate governance represents the way through which companies are managed and controlled by all parties related, and allows the board of directors to carry out responsibilities in order to achieve good control over the preparation of financial statements.

2- Dr. Fatha Amira, Prof. Amin Mufji & Dr. Hisham Hariz (2021) conducted a study entitled: (The Reflection of the Application of Corporate Governance Rules on Accounting Disclosure and the Quality of Financial Statements) Algeria.

The study used the descriptive approach.

The study concluded that accounting disclosure is a basic requirement that was created by necessities. The existence of a tight and effective basis for corporate governance works to enhance the level of accounting disclosure and thus raise the level of transparency and accuracy in the information appearing in the financial statements.

3- Godiya Jesse Wafinzida, Monica Shadrach & Abubakar Mahmud Bello (2021) conducted a study entitled: (Effect of Creative Accounting and Earnings Management on Financial Reporting) Nigeria.

The study used the historical and the deductive approaches. The study emphasized the fact that accountancy profession and practice are faced with the challenges of living up to expectation in the global world, and often times, the accounting standards lag behind such growths and development.

4- Ibtihal Abed, Nazimah Hussin, Mostafa Ali, Hossam Haddad, Maha Shehadeh and Elina Hassan (2022) conducted a study entitled: (Creative Accounting Determinants and Financial Reporting Quality: Systematic Literature Review), Jordan.

The study used (quantitative and qualitative analyses). The study concluded the findings: financial reporting was highly associated with creative accounting practices over the last decade, whereas most fraud was identified in small businesses. Accordingly, the stockholder's and investors' trust in financial reporting quality dramatically decreased.

Theoretical and Conceptual Framework:

Concept of Corporate Governance:

There are many definitions of corporate governance as a result of the issue of governance being linked to different fields and parties. Many writers and researchers have given various definitions of corporate governance, each of them started from the field to which he/she belongs.

Cadbury report was the first study that defined governance in 1992, where the term 'governance' defined as a system by which companies and slaves are directed.

It was also defined as: "the practice of good governance through a set of laws, rules and standards that govern the relationship between the company's management, its board of directors, shareholders and other stakeholders, aiming to maintain shareholders' rights and maximizing their wealth fairly, while supporting the different levels of the board of directors.

The Organization for Economic Co-operation and Development (OECD, 2004) defined corporate governance as:

"A set of relationships between managers, board of directors, shareholders and other stakeholders concerned with providing the structure through which the company's objectives are set, the means of achieving them are determined, and performance is controlled." (Peter & Chartreux, 2006) defined corporate governance as: "A group of mechanisms that have an influence on determining the authority and influencing the decisions taken by managers, or in other words, the mechanisms that govern their behavior and determine the scope of its estimates."

Accordingly, corporate governance can be defined as a system consisting of a set of principles and procedures through which the company operates in a way that guarantees the rights of all interested parties on the one hand, and on the other hand achieving control and accountability for these parties, leading to achieve the company's objectives and enable it to make appropriate decisions.

Concept of Creative Accounting:

Creative accounting is unethical practice in selecting available accounting estimates and policies that provide an opportunity for manipulation and fraud, resulting in incorrect and misleading financial statements. Creative accounting is also defined as the transfer of accounting financial figures from their real status to the situation preferred by those preparing the figures by taking advantage or ignoring the available laws. It is also defined as the process of management exploiting gaps or ambiguous cases in the accounting standards with the purpose of presenting a biased picture of the company's financial performance. This is usually done without prejudice to the provisions of accounting rules and principles, but rather to their essence.

Accordingly, there are common denominators for creative accounting, the most important are: practices that cannot be avoided absolutely, practices that can provide reasonable assurance regarding them, legal practices because they are within the framework of international accounting principles and standards, exploitative practices in the framework of selecting accounting estimates, fraudulent practices that change real figures into unreal ones and practices harmful to internal and external parties.

Presentation, Analysis and Discussion of the Questionnaire Data:

Introduction:

This aspect of the study includes an accurate description of the field research procedures on which the research was based to achieve the objectives. The study adopted the statistical questionnaire as a primary source to obtain information. The validity and reliability of study were checked. The data were applied to investigate the impact of applying governance in reducing the practice of creative accounting methods and Enhancing the quality of published accounting information. Then the data were analyzed to identify the most important variables that have a direct significant impact on the governance process.

Population and Sample of the Study:

Study Population:

It means all individuals who have the same or common characteristics that can be observed and the results of the study can be generalized to them. The identification of the study population is very important because it provides the necessary information to form answers to the study questions in order to verify the hypotheses. The study population consists of (90) employees in a group of Sudanese companies operating in the medium industries sector, including managers, accountants and auditors.

Study Sample:

The study sample means a relatively specific number of members of the original population, with whom the study deals within the limits of the available time, and then the results are generalized to the original population. (90) questionnaires were distributed to all the sample individuals and recovered valid for statistical analysis.

Determination of the Sample:

A class random sample was selected from three sectors (companies). Random sampling can be defined as the process of selecting a number of individuals divided into classes (these classes are not intervened and the individuals within one class

are homogeneous, while there are large differences between classes of this population). The total samples selected from the classes constitute the random sample, in order to obtain the characteristics of the population from the data of this sample.

Study Tool:

The questionnaire consisted of two parts; the first part dealt with the personal information of the respondents, while the second part dealt with the objective data, it included (34) statements distributed on the three aspects of the study.

Method Used in Data Analysis:

The Statistical Packages for Social Science (SPSS) was used to process the study data statistically. Several statistical methods, including Cronbach Alpha coefficient for validity and reliability, Skewness to determine whether the data follows a normal distribution, Chi-square test, frequency and percentage, mean and standard deviation, T test for individual significance, (F) test for total significance, coefficient of determination for the strength of model interpretation (R²), correlation coefficient, regression model, and one way ANOVA test to determine the variation.

Testing Validity and Reliability of the Questionnaire (Study Tool):

To test the validity and reliability of the questionnaire items, the coherence of the questionnaire was evaluated by calculating (α) value to calculate Cronbach Alpha correlation coefficient, which equaled (0.87), which is considered a high value and indicates that the study tool is characterized by a high reliability.

Table (1) Validity and Reliability Coefficients of the Questionnaire Aspects

Variable	Aspect	Statements number	Reliability Coefficient
Independent		12	0.69
First dependent		9	0.92
First dependent		10	0.92

Questionnaire as a whole	31	0.87
--------------------------	----	------

Source: Prepared by the researchers using the field study data 2023.

Table (1) above shows that the reliability coefficient indicates that the tool is characterized by a high reliability coefficient; this means that the tool is able to achieve the purposes of the study. The questionnaire reliability total coefficient was (0.87) which placed between the zero and one; this indicates that the results obtained by using the questionnaire are reliable.

Questionnaire Validity:

The researchers verified the validity of the study tool by presenting it in its initial form to (5) specialized arbitrators, who checked the statements of the questionnaire which confirmed the validity of the questionnaire for the study purpose because of the comprehensiveness of the information to cover the study objectives and the topic. There were some recommendations received from the specialists and were taken into consideration, and appropriate modifications were made.

Structural Validity:

After the researchers made sure of the validity of the study tool, they applied it to a sample of the population. The normal distribution of the questionnaire data was tested, in order to find out whether the data follows a normal distribution or not?, The Skewness test was used, which is a necessary test in the case of testing hypotheses because most parametric tests require that the data have a normal distribution.

Table (2) Skewness test of normal distribution of the questionnaire aspects for the pilot sample

Variable	Aspect	Statements number	Skewness	Error	Statistical decision
Independent	Governance/Board of directors	12	-1.020	0.254	follows a normal distribution
First dependent	Creative accounting methods	9	0.609	0.254	
First dependent	Quality of accounting information	10	-1.084	0.254	
Questionnaire as a whole		31		0.254	

Source: Prepared by the researchers using the field study data 2023.

It is clear from Table (2) that the torsion coefficient is confined to the range (± 3), which is the level adopted in the statistical treatment of this study, and its standard error value is (0.254). This means that the data follow a normal distribution, and the three aspects of the questionnaire follow a normal distribution. This indicates a good correlation between the study variables, which confirms that these variables have a high explanatory ability to explain their inter-effect.

Analysis and Hypotheses Verification:

Study Sample Personal Description:

The analysis revealed that 31.6% belong to the private company, 32.6% belong to the partnership of the two sectors, and 29.5% belong to the public sector. With regard to employment, 22.1% were managers, 27.4 were heads of department, 18.9% were financial controllers and 10.5% were auditors and 15.8 were other positions. With regard to years of experience, 32.6% their experience ranges between 5 to 10 years; this is consistent with the percentage of partnership of the two sectors. 18.9% their experience range between 10 to 15 years; this is consistent with the percentage of the position of financial controllers, 40.0%, their experience range from 15 years and more; they are the ones on whom the board of directors depends and who take creative accounting methods and enhance the quality and credibility of the published accounting information and at the same time they have priority in the administrative board of governance. Accordingly, it can be concluded that the overall results that have been reached provide a reliable indicator for planning, decision making and predicting the future. Therefore, the respondents are qualified to answer the questions raised in the questionnaire thus their answers can be depended on as a basis for drawing the targeted conclusions from the field study.

Frequency and Percentages of the Study Aspects:

First aspect: Board of Directors: it was found that:

1. More than three-quarters of the sample, 46 by 51.1%, confirm that the board of directors is elected of those who are competent and honest.
2. Less than half of the sample, 41 by 45.6%, confirms that the board of directors controls the company's general performance.
3. Less than half of the sample, 44 by 48.9%, confirms that the board of directors desires to establish the principles of governance in the company.

Transparency:

4. More than a quarter of the sample, 32 by 35.6% confirms that there is a committee manages transparency.
5. More than a quarter of the sample, 34 by 37.8% confirms that the company's to maintains a balance between transparency and confidentiality of information.
6. More than a quarter of the sample, 34 by 37.8%, confirms that the company encourages the culture of dialogue with customers and accepts their suggestions, and this is consistent with the previous percentage.

Disclosure:

7. More than a quarter of the sample, 29 by 32.2% confirms that the company discloses its financial statements impartially.
8. Half of the sample, 45 by 50% confirms that the company maintains its privacy, the confidentiality of customer accounts and their data.
9. More than a quarter of the sample, 27 by 30% confirms that the company announces its financial accounts in all media.

Auditing:

10. More than half of the sample, 46 by 51.1% confirms that there is an internal audit department in the company.
11. More than a quarter of the sample, 33 by 36.7% confirms that the Audit Department is committed to all standards issued by the Accounting and Auditing Organization.
12. More than a quarter of the sample, 34 by 37.8% confirms that the company's auditing process include all the company's activities and actions.

Second aspect: Creative accounting methods:

1. Less than half of the sample, 43 by 47.8%, believes that in order to apply creative accounting methods, there should be not to manipulate the cash exchange rates to improve the financial ability of the company.
2. Three-quarters of the sample, 50 by 55.6%, believes that in order to apply creative accounting methods, the recording of cash flows related to profits and losses should be not to manipulate on the sale of tangible assets.
3. More than a quarter of the sample, 37 by 41.1%, acknowledges that the organization's ability to distribute profits should not be hidden by distributing shares to shareholders instead of distributing profits.
4. More than a quarter of the sample, 43 by 47.8%, strongly confirms the company's obligations should be paid in order to show the cash flows in a better position.
5. More than a quarter of the sample, 40 by 44.4%, praises the failure to increase the cash balance in the current year by adding the revenues received at the beginning of the following year in order to increase the cash flows for activities.
6. Three-quarters of the sample, 46 by 51.1%, believes that companies do not exclude some expenses from cash flows, such as interest on loans and costs of research and development.
7. More than a quarter of the sample, 43 by 47.8%, believes that all private and public sectors should not record fictitious sales at the end of the year and then throw them at the beginning of the following year in order to inflate the profits of the current year.
8. More than half of the sample, 46 by 51.1% believes that companies do not treat capital expenditures as revenue expenses.
9. More than a quarter of the sample, 36 by 40% confirms that there is no exaggeration in the evaluation of tangible assets in order to improve the statement of financial position.

Third aspect: the quality of accounting information:

1. More than a quarter of the sample, 36 by 40%, strongly confirms that the company commits to considering the rules and principles stipulated in the primary accounting standards to achieve the quality of accounting information.
2. More than a quarter of the sample, 39 by 43.3%, confirms that the company commits to maintain organized financial

records in accordance with generally accepted accounting norms and principles.

3. More than a quarter of the sample, 41 by 45.6%, recognizes that the company commits to employ an independent external auditor to examine its final financial statements in accordance with financial auditing standards.

4. More than a quarter of the sample 31 by 34.4% confirms that the company commits to providing the minimum required disclosure.

5. More than a quarter of the sample, 37 by 41.1%, strongly confirms that the company commits to issue annual periodic reports in an appropriate time.

6. More than half of the sample, 46 by 51.1%, confirms that the company contributes to producing accounting information with high credibility and transparency, and this reduces fraud and manipulation.

7. More than a quarter of the sample, 43 by 47.8%, confirms that the company's commits to strengthening accountability and raising levels of trust in accounting information.

8. More than a quarter of the sample, 34 by 37.8%, suggests that the company should provide a proper basis for the process of comparison between the results for several years.

9. More than a quarter of the sample, 26 by 28.9%, suggests to the Board of Directors that the company the company should provide a proper basis for a comparison process between the results of one company and several companies in the same sector.

10. More than a quarter of the sample, 33 by 36.7%, confirms that the Council for the Quality of Accounting Information is interested in accountability.

Table (3) Individuals' classification into different classes

Class	First class is a private company	Second class is a partnership between two sectors	Third class is government	Total individuals
Number of individuals for each class	30	30	30	90

General mean and standard deviation of the study variables

**Table (4) Means, standard deviations and significance level
for the three aspects of the study variables**

Variable	Statement	Aspect	Mean	SD	T value	T statistical significance	Significance level	Ranking
Independent	Board of directors is elected from the competent and honest	First	4.0222	1.2083	17.570	0.000	High	4
	Control		4.1111	1.010	19.588	0.000	High	3
	Board of Directors cares to establish the principles of governance		4.4000	5.497	14.435	0.000	High	1
	Encouraging culture of dialogue		4.0333	1.065	22.268	0.000	High	3
	Maintaining confidentiality		4.2000	1.0299	21.340	0.000	High	2
	Committing to all standards		4.3000	3.2479	13.876	0.000	High	1
	Internal Audit Department		4.2667	0.9691	16.435	0.000	High	2
	Transparency		3.788	1.2763	10.271	0.000	High	4
Dependent	Creative accounting methods	Second	2.777	1.355	15.880	0.000	High	3
	Delay in paying company's obligations		2.7333	1.234	10.389	0.000	High	4
	Increasing cash balance		2.766	1.218	31.713	0.000	High	3
	Overvaluation of tangible assets		2.8333	1.3921	23.432	0.000	High	2
	Excluding some expenses from flows		2.6111	1.1869	22.088	0.000	High	1

Dependent	Quality of accounting information		3.8773	1.2792	8.582	0.000	High	1
	The company keeps financial records		4.077	1.1240	23.099	0.000	High	1
	The company employs an auditor		4.055	1.074	16.995	0.000	High	2
	The company provides disclosure	Third	3.8222	1.1275	24.317	0.000	High	3
	Accountability		3.5779	0.488	19.902	0.000	High	3

Source: Prepared by the researchers using the field study data 2023.

Table (4) showed the means of the three variables of the study, the highest one was the variable 'governance' (Board of directors is elected from the competent and honest), followed by the variable 'quality and enhancement of published accounting information, and the lowest was the variable 'creative accounting methods. With regard to the dimensions of selection of those who are competent and honest (governance), the highest was committing to all standards issued by the Accounting and Auditing Organization, and the lowest was encouraging culture of dialogue and transparency, and then the quality of the published accounting information. The most significant point of the aspect was 'the company keeps financial records' and the least significant point was 'accountability'. The highest point of the variable 'creative accounting methods' was overvaluation of tangible assets and the lowest one was 'excluding some expenses from flows. The researchers believe that all the dimensions of the study's three variables are important dimensions, and the decision-maker, who has a role in planning, may take them all into consideration.

Table (5) Chi-square test for the validity of the study

Aspects of the study	Chi-Square	Significance
----------------------	------------	--------------

First aspect: Board of director	62.88	0.000
Second aspect: Creative accounting methods	46.44	0.000
Third aspect: Quality of published accounting information	45.22	0.000

Source: Prepared by the researchers using the field study data 2023.

Table (5) above shows the Chi-square test. This test was used to test the statistical significance at the significant level 5%. This means that if the value of the statistical significance associated with chi-square calculated at a significant level less than 5%, the null hypothesis is rejected and the alternative hypothesis 'there is a statistically significant relationship between the study variables' is accepted because the value of significance (sig=0.000) is less than (0.05), so the study is valid.

Hypothesis one: There is a statistically significant relationship between practicing creative accounting methods and low quality and credibility of published accounting information.

To verify this hypothesis, the multiple regression model was used, as follows:

Table (6) Multiple regression model for the statistical relationship between practicing creative accounting methods and low quality and credibility of published accounting information

Independent Variable	B	(T)	Sig* (T)	(R²)	(F)	Sig* (F)
Constant	3.33	11.8	0.008	0.70	15.1	0.000
Governance	0.24	2.70	0.00	0.77	7.33	0.008
Quality of accounting information	0.22	2.43	0.017	0.555	5.91	0.017

Source: Prepared by the researchers using the field study data 2023.

Table No. (6) above shows that this model is valid to test the statistical relationship of governance in reducing the practice of creative accounting methods and enhancing the quality of accounting information, as the (F) value was (15.1) was at the significant level (0.000), which is less than the level of significance (0.05) which means that this model is valid for predicting the values of the dependent variable (creative accounting methods). The table also shows that the coefficient of determination (R^2) was (0.77); this means that governance explains an amount of (77%) of the variation that occurs in achieving (SD), which is a high explanatory ability, and (23%) is due to other variables that were not the subject of the study, including the random variable. The table also shows that the low quality and credibility of the published accounting information negatively affects the creative accounting methods at a significant level less than (5%). This requires accepting the hypothesis one: there is a statistically significant relationship between the practice of creative accounting methods and the low quality and credibility of published accounting information. This was due to that quality plays an effective role on the fields of practicing creative accounting methods and enhances organizations of public and private sectors.

Hypothesis two: There is a statistically significant relationship between applying the principles of governance and reducing the practice of creative accounting methods

Table (7): Regression

Independent Variable	B	(T)	Sig* (T)	(R^2)	(F)	Sig* (F)
Governance	0.24	2.70	0.000	0.57	5.65	0.008
Creative accounting methods	0.9	2.30	0.024	0.555	5.91	0.017

Source: Prepared by the researchers using the field study data 2023.

Table No. (7) above shows the total significance where (F) probable value for the independent variable 'governance'

equals (0.008) which is less than (5%). Because the total significance of (F) is less than 0.05 the null hypothesis is rejected and the alternative hypothesis: (there is a statistically significant relationship between governance and creative accounting methods) is accepted. The coefficient of determination which is (0.57=2R) means that the explanatory power of the model is moderate equals 57% and (43%) are due to other variables that were not the subject of the study, including the random variable. This requires accepting the hypothesis two therefore, governance plays an effective role on reducing the practice of creative accounting methods.

Hypothesis three: There is a statistically significant relationship between applying the principles of governance and enhancing the quality and credibility of published accounting information

Table (8) Stepwise multiple regression model for the modification hypothesis

Independent Variable	B	(T)	Sig* (T)	(R)	(R ²)	(F)	Sig* (F)
Constant	1.18	3.00	0.00	0.622	0.39	0.00	0.000
Governance	0.45	3..9	0.00	0.682	0.68	12.0	0.001
Quality of accounting information	0.62	-2.13	0.000	0.701	0.49	4.0	0.036

Source: Prepared by the researchers using the field study data 2023.

Table No. (8) above shows that this model is valid to test the statistical relationship of governance in applying the principles of governance and enhancing the quality and credibility of the published accounting information, as the (F) value was (12.1) was at the significant level (0.01), which is less than the level of significance (5%) which means that this model is valid for predicting the values of the dependent variable (quality of accounting information). The table also shows that the coefficient of determination (R²) was (0.68); this means that governance explains an amount of (68%) of the variation that occurs in achieving (SD), which is an above

average explanatory power, and (42%) is due to other variables that were not the subject of the study, including the random variable. The company's commitment to employing an independent external auditor to check accounting information according to the International Auditing Standard positively affects the quality of accounting information at the significant level less than (0.05). The company's commitment to the minimum disclosure in accordance with the international consumption standards involves shareholders in making their financial decisions and negatively affects the quality of accounting information at a significant level less than (0.05).

One-way Analysis of Variance between Groups and within Groups:

In order to identify to what extent there are differences between the means of study sample respondents' answers regarding the assessment of the three aspects, One Way ANOVA analysis was adopted:

Table (9) Company's ownership

Source of variation	Sum of squares	Degree of freedom	Mean of squares	F value	Significance level
Between groups	10.189	4	2.547	3.812	0.007
Inside groups	56.800	85	0.668		
Total	66.989	89			

Source: Prepared by the researchers using the field study data 2023.

Table (9) above shows that the probable value of (F) is less than the significant level 5% among the means of companies (private, shared between two sectors, public).

Table (10) Variation between different groups

Binary comparisons	Average variance	Standard error	Significance level
(1) with (2)		0.867	0.011
(1) with (3)		0.867	0.001
(2) with (3)		0.867	0.330

Source: Prepared by the researchers using the field study data 2023.

The table (10) above shows that (1) is the code for the private company, (2) for the partnership of the two sectors and (3) for the public company.

It is clear that there is a significant difference between the private company, the partnership between two sectors, the private and governmental company, as the probability values equal 0.011 and 0.001, respectively, and they are less than 5%, while the difference between the partnership of the two sectors and the public sector is not significant because the probability is greater than 5 %.

Conclusion

This study aimed to identify the role of governance in reducing the practice of creative accounting methods and enhancing the quality of published accounting information as an independent variable. The study concluded the following results, recommendations and suggestions:

Results:

1. The study confirmed the validity of the hypothesis: there is a statistically significant relationship between creative accounting methods and enhancing the quality of published accounting information. This means that the more accurate and good published accounting information, the more development of creative accounting methods and vice versa. Because the value (sig=0.000) is less than the level of significance (0.05%), so the null hypothesis is rejected and the alternative hypothesis: (there is a statistically significant relationship between applying the principles of governance and reducing the practice of creative accounting methods) is accepted.
2. Because the probability (sig=0.002) is less than the level of significance (0.05%). Therefore, the null hypothesis is rejected and the alternative hypothesis: (there is a statistically significant relationship between applying the principles of governance and reducing the practice of creative accounting methods) is accepted.
3. Because the probability value (sig = 0.003) is less than (0.05), the null hypothesis: (there is no relationship) is

rejected and the alternative hypothesis: (there is a statistically significant relationship between applying the principles of governance and enhancing the quality of published accounting information) is accepted.

4. Governance represents a set of principles, rules, mechanisms and systems that enhance control and reduce the practice of manipulation and fraud, with the purpose of achieving justice, transparency and fairness in order to reduce the practice of creative accounting methods.

5. The dimensions between community classes are high (4.29), the position 'director' (4.5), followed by the position 'head of department' (4.31), followed by the position 'auditor' (4.25) and the lowest is 'auditor' (4.11).

6. Governance is based on three main aspects, namely the board of directors, creative accounting methods, and the quality of published accounting information in order to reach a vibrant community, a prosperous economy, and an ambitious country. These aspects are integrated and consistent each with other in order to achieve its creative objectives and enhance the quality of published accounting information.

7. The analysis shows that the dimensions of creative accounting methods are the highest (4.32), followed by the program for enhancing published accounting information, performance measurement (4.22), and followed by the program for enhancing work governance (4.15).

8. The published accounting information technology is concerned with achieving connected symbiosis that guarantees opportunities for future generations.

9. The partial effect of the dimensions of governance in the multiple regression model showed that the dimension weakness of accounting methods reflects negatively and adversely on governance, the dimension of enhancing the quality of published accounting information reflects positively directly on governance. This requires reviewing these two dimensions by reducing weakness and raising the enhancement of quality.

10. (82%) shows that the data has an explanatory power within the model, while 18% shows that the data has an explanatory power outside the model. This indicates the percentage of error in data outside the model.

11. Governance aims to maximize the value of work, to develop human resources and provide services for the common public interest. This confirms the importance of applying governance as a studied and independent variable.

12. It was clear that there were differences between each of the private companies, the partnership of the two sectors, and the public sector, due to the ownership, job and years of experience, towards governance, creative accounting methods and the quality of published accounting information. The greatest difference was between the private sector (a private company) and the public sector, through one-way ANOVA analysis.

Recommendations:

1. We strongly recommend that private and public companies should consider the rules and principles stipulated in the primary accounting standards to achieve the quality of accounting information.
2. We recommend that an independent external auditor should be employed to examine the final financial statements in accordance with the standards of financial auditing.
3. The company should contribute to producing accounting information with high credibility and transparency in order to reduce fraud and manipulation. The company should be obliged to issue annual periodic reports in a appropriate time.
4. We recommend that the Board of Directors should be elected of competent and honest, the company's general performance should be controlled and corporate governance principles should be established.
5. A committee should be formed to manage transparency, to keep a balance between transparency and confidentiality of information, and to encourage the culture of dialogue with customers and accept their suggestions.
6. Complete privacy and confidentiality, customer accounts and data should be maintained.
7. Cash exchange rates should not be manipulated in order to apply creative accounting methods, to improve the company's financial position.
8. The recording of cash flows related to profits and losses on the sale of fixed assets should not be manipulated in order to apply creative accounting methods.

9. Organization's ability to distribute profits by distributing shares to shareholders instead of distributing profits should not be hidden.
10. The company's obligations should be paid quickly in order to demonstrate cash flows in a better position.
11. Expenses should not be excluded from cash flows, such as loan interest and research and development costs, fictitious sales should not be recorded at the end of the year and then dump them at the beginning of the following year with the purpose of amplifying the profits of the current year, companies should not treat capital expenditures as revenue expenses, and should not exaggerate the evaluation of tangible assets in order to improve the financial position.
12. The company's should commit to keep organized financial records in accordance with generally accepted accounting norms and principles.
13. The company should commit to enhance accountability and raise trust in the information provided. The company is advised to provide a proper basis for comparison process between results for several years.

This research was supported by big research groups at the Deanship of Scientific Research - King Khalid University - Saudi Arabia (RGP.2/153/43)

Acknowledgement:

The authors extend thier appreciation to the Deanship of Scientific Research at King Khalid University for funding this work through Large Groups Project under grant number(RGP.2/153/43)1443-1444

References

1. Charbel Salloum, la Gouvernance des Entreprises liberalizes in Situation de Depressed Financière. These de Doctorate, University Paul Cezanne -aux Marseille, Sciences de Gestion, paris,2002, p :28.
2. Abdel-Samad, Wafaa Mohamed, (2011), A Proposed Model for Evaluating the Internal Audit Function to Activate Corporate Governance in the Egyptian Business Environment, Journal of Commercial Studies and Research, Faculty of Commerce, Benha University, Issue 1, Volume, 1, pp. 1-26.
3. Rahma Ghazali, The Impact of Corporate Governance Application on the Quality of the Financial Statements: A Field Study of a Group of Joint Stock Companies in Steif Province.

4. Hamza Dweifi, Mahmoudi Ahmed, The Role of Corporate Governance on Enhancing the Quality of Accounting Information and Reducing Creative Accounting Practices, Journal of Development and Applied Economics - University of M'sila - Issue D 03 - March 2018.