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THE CONDUCT FOR MANAGEMENT ACCOUNTANTS ON FINANCIAL REPORTING QUALITY

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Abstract

This study aims to investigate the impact of the standards and the ethics of professional conduct of the managerial accountant on the quality of the financial reports. These standards embodied in competence, confidentiality, integrity, and credibility. To achieve the objective of the study a questionnaire was built and distributed to the sample of the study where the study population comprised Extractive and Mining industries enlisted in Amman Stock Exchange (ASE). In order to test the hypothesis, Stepwise Multiple Regression was used. The results have demonstrated that each of competence, confidentiality, and credibility has an impact on the financial reporting quality whereas there is no significant impact of the standard of integrity in the financial reporting quality. In light of the results of the

study, the researchers recommend the need to emphasize the role of the standards of ethical conduct of the managerial accountant in achieving the quality of accounting information included in the internal financial reports. As well as the compatibility between the freedom of the managerial accountant to adhere to binding accounting standards and his commitment to the standards of ethical conduct while establishing an organizational mechanism to guide and monitor the compliance with these standards.
Keywords**: Financial Reporting Quality; Managerial Accountant; Standards of Ethical; Extractive and Mining; Jordan**

INTRODUCTION

The term ethics refers to the system of moral principles and values reflected in accepted and desired individual's behaviors governing his relationship with himself and with the others [1-22]. Professional ethics is a critical component of careers that seek success, continuity and community service. This certainly applies to the accounting profession since the confidence in the quality of services provided by the accounting profession is considered an essential factor in its success [17]. To strengthen this confidence there must be rules and ethics governing the behavior of workers in this profession, so that they can exert some kind of influence on the administration so that it moves towards making its decisions with insight and based on sound information.

Accounting information is the cornerstone of the decision-making process because it is closely related to one of the key functions of accounting that is accounting communication [15]. Accounting communication is the process of identifying and delivering appropriate information that meets the needs of all relevant parties in an organized manner [23-28]. Through financial reporting, Accounting communication satisfy the users' needs of accounting information depicting the economic events that affected the company during the activity period, as well as presenting the information that reveals the plans and expectations of future management [29].

Although these reports are prepared in accordance with International Accounting Standards (IAS), these standards provide the management with a kind of flexibility to choose different accounting alternatives and methods that are subject to accounting estimates [7]. Therefore, it may adversely affect the quality of their financial reports. This could be attributedto the low quality of the accounting information disclosed in financial reports for the purpose of achieving personal benefits, and the negative effects of these practices represented in misleading users of these lists and therefore the emergence of business failures as a result of making decisions based on misleading information [10].

Managerial accountant should be commitment to achieve the highest standards of ethics and professional conduct. The Institute of Management Accountants has been concerned with preparing standards of ethics and conduct for managerial accountant in order to make no action that violates these standards and does not induce others to do so within the organization [12].

According to Datar [8], the ethical standards of accounting management profession represent a set of ethical rules and general principles that are common among professional practitioners. These standards determined by specialized professional organizations impose certain behavior on the managerial accountant to ensure a high level of performance to improve the quality, reliability and fairness of the accounting information, thereby increase the importance of the profession and maintain the trust of the management.

In this context, the problem of the study stems from the fact that the thinking, behavior and trends of managers affect the validity of the assumption that adherence to the standards of ethics and professional conduct of the managerial accountant reflect on the quality of financial reports. This is a result of the administrative practices of exploiting the freedom available to the administration to choose between accounting policies and the flexible managerial selection of accounting estimates, which allows the use of different accounting methods to treat the economic events and phenomena.

This behavior is reflected in the choice of which of these alternatives may affect the results of accounting measurement and thus the quality of financial reports.

The purpose of this study was to test the extent to which the professional standards and ethics of the managerial accountant namely competence, confidentiality, integrity and credibility influence the quality of the financial reports. This study tries to get a clearer view of the relationship between the variables by identifying the efficiency and effectiveness of these standards and ethics in influencing the access of appropriate information to all users of financial reports in such a way that to ensure the opportunity to achieve good performance standards demonstrating its responsibility towards the objectives of management.

The researchers expect that this study will contribute to enriching the literature which deals with ethical standards in the field of administrative accounting, which have not received enough attention from researchers in the Arab world in general and in Jordan in particular, especially as these standards are not adherence for the administrative accountant.In addition to that the mining sector is one of the most important sector on which the Jordanian economy is based.

The study will demonstrate the relationship between the standards and professional ethics of the managerial accountant and the quality of financial reports; as well, it will highlight the need to adhere to these Standards and etiquette to create an agreed conceptual framework. Moreover it will try to determine the nature of these standards, whether they are a control system, a set of relationships or a structure for setting the company's objectives and determining the means to achieve these objectives.

The article is organized as follows. First, literature dealing with standards of ethical conduct of the management accountants standards and financial reporting is reviewed in depth. We then propose our hypotheses based on the literature review. Next, the methods and procedures used in the empirical study is considered. Finally, our findings are presented and discussed for the study and accommodates the conclusions and recommendations are made.

THEORETICAL BACKGROUND AND HYPOTHESES

By investigating the theoretical literature of accounting and administration thought, it is evident that the subject of standards and the professional conduct of the managerial accountant has not received sufficient attention from researchers in the field of accounting management, Hiebl and Richter [16] examined 140 survey articles published in two highly regarded specialized Journals in Managerial Accounting Research.It was found that these studies did not address largely the subject of standards and professional conduct of the managerial accountant. Despite this gap, the research on the content of the standards and the professional conduct with its different dimensions has attracted the attention of some researchers. Many of these studies focused on examining the relationship between standards and ethics and other different sides such as the importance of financial reporting like study of [5,14,19,21].

Standards of Ethical Conduct for Management Accountants

In accordance with modern trends, managerial accountant does not exercise executive authority to the extent that he exercises a supervisory authority that enables him to influence the management by preparing reports on the performance results of the various administrative levels and interpreting the appropriate information [23]. The extent of this effect is demonstrated by adhering to the ethics and standards of professional conduct represented by: competency, confidentiality, integrity and credibility to ensure the accuracy and correctness of the information contained in the reports, and to increase the degree of trust and reliability.

Therefore, the administrative accountant has an obligation towards the organization in which he works, the profession and towards himself, and this obligation requires adherence to high standards of professional and ethical conduct, the commitment to these standards is reflected in prohibitingany behavior or conduct contrary to these standards.

By tracking developments in the area of managerial accounting, one could find that it is primarily concerned with serving the internal parties in the organization, focusing on measuring and reporting financial information and other information that helps management to achieve organizational goals [2,25]. It is concerned with the preparation of internal periodic reports to serve the management in planning, control, performance evaluation, profitability, customers and distribution channels, as well as non-periodic internal decisions related to the strategy related with policy formulation and long-term planning [6].

Reference [10] is one of the studies that dealt with accounting ethics and its relationship with the quality of financial reports where the results have showed that there is a positive relationship between the accounting ethics and the quality of financial reporting with respect to return on investment (ROI), earning per share (EPS), and dividend per share (DPS). Bakhtiari [5] observed that accountants can submit manipulated financial reports despite compliance with accounting standards and rules if they do not comply with the professional ethics of accounting. Moreover, it emphasized that adhering to accounting standards and rules does not guarantee sound financial reporting. Therefore, a combination of professional ethics and qualitative characteristics of financial reporting should be used, as the development of professional ethics in the accounting profession leads to enhanced quality of financial reporting.

In spite of the growing role of managerial accounting, it is not restricted to generally accepted accounting principles when preparing financial reports as in financial accounting. This was confirmed by Ghose [14], which referred to the ethical contradictions and misdeeds as a result of non-compliance with these standards. Therefore, managerial accountant has the required competence to be able to perform his duties and has the reliability that enables him to maintain the confidentiality of the information and the Integrity that do not lead to personal interests. In the same context, (Taicu study 2015) emphasized that the quality of accounting information in managerial accounting compared to financial accounting may be affected by compliance with the requirements of professional ethics due to the availability of a great degree of freedom in organizing and presenting financial information. So, professional associations sought to develop ethical behavior of managerial accountants to solve moral problems.

Mahmmoud et al [21] aimed at clarifying the role of the professional standards of managerial accounting ethics in achieving the quality of the accounting information contained in the financial reports. The study found that there is a positive effect of these standards in raising the quality of internal financial reports, related to the main characteristics of accounting information such as relevance and reliability.

On the other hand, many studies have highlighted the importance of providing information on the performance of companies and their financial position covered by financial reports. Akeju and Babatunde [3] show the benefits that can be derived from accounting information published in financial reports. In the financial reports, the ability of the management to meet its obligations and its future performance is predictable, which is reflected in the rationalization of investor decisions in understanding and comprehending the content of accounting information.

The study of Chinniah [7] dealt with some of the general ethical issues related to accounting manipulation based on the reality of the effectiveness of the moral standards of financial statements and administrative reports. The study showed that the ethical behavior of accountants did not meet the inherent ethical standards that led to the emergence of many accounting frauds. In terms of moral development in the field of management accounting, Thomas [28] suggests that the professional characteristics of managerial accountants such as professional autonomy, affiliation, and dedication are fundamentally related to moral aspects that play an important role in ethical judgments. Understanding these issues will contribute to defining the attributes of management accounting that should be strengthened.

Accounting Ethics and Financial Reporting

The main objective of the accountant is to provide accounting information that is accurate and presented in a timely manner, and easy to understand and communicated to all parties related to the company through financial reports.

In an ambiguous and uncertain business environment, companies are required to organize their business in a way that contributes to the realization of the vision and objectives that contribute to the preservation of assets from waste. Moreover, they are required to pursue continuous raising productivity and attracting investors by providing information with certain characteristics within the framework of their financial reports [2].

Since the economic system is generally based on a flow of sound information, the Controller or the Chief of Management Accounting prepares and interprets the appropriate data so that decisions could be made based on sound information.

In this context, Karim and Tagi [18] believe that the primary objective of financial reporting is to provide high-quality information useful to decision-making, thereby reducing uncertainties by increasing predictive capacity, thus knowing what will be in the future.

The study of Enofe et al [11] dealt with the impact of ethics of accounting in terms of disclosure, objectivity, and integrity on the quality of financial reports showed the importance of selecting individuals with a high level of moral standing, as well as the need to direct and monitor the implementation of ethics in the work. Agwor and Okafor [1] also showed the positive relationship between accounting ethics through independence, professionalism, and quality of financial reporting through specific qualities of reliability and comprehensibility and qualitative attributes of reliability and understanding.

Ebimobowei and Ogbonna [9] examined the impact of ethical accounting standards on the quality of financial reporting. The study concluded that ethical accounting is essentially necessary for accountants to prepare high-quality, error-free financial reports. Ethics departments must therefore be established to ensure that activities comply with ethics, including the financial reporting process. Qatawneh and Alqutish [23] aimed at determining the impact of accounting ethics on financial statements and the need to recognize professional ethics and creative accounting for accountants. Creative accounting can be used to mislead some shareholders about the organization's performance by influencing contractual results that rely on financial reporting. Some of previous studies in this field find that positive impact of the importance of the standards ethics on the quality of financial reports, and there is a need to adhere to these standards, which have not been yet determined by such studies.

Taking these theories into account, we propose the following hypotheses:

H01: There is no statistical significant impact at $\alpha \leq 0.05$ for competence standard on financial reporting quality.

H02: There is no statistical significant impact at $\alpha \leq 0.05$ for confidentiality standard on financial reporting quality.

H03: There is no statistical significant impact at $\alpha \leq 0.05$ for Integrity standard on financial reporting quality.

H04: There is no statistical significant impact at $\alpha \leq 0.05$ for credibility standard on financial reporting quality.

METHODOLOGY

Method and Procedures

The study was based on the analytical description method. The descriptive approach was adopted to describe the responses of the members of the sampling unit and their estimates about the level of interest of the managers in the standards of ethics and conduct of the managerial accountants and their dimensions, namely the competence, reliability, integrity and credibility, and the quality of the financial reports. On the analytical level, the questionnaire has been used based on the theoretical literature of the previous studies and on the basis of the standards developed by many researchers to suit the existing environment in the extractive and mining industries companies listed on the Amman Stock Exchange in Jordan, in order to collect preliminary data and test hypotheses.

The Population of the Study and its Sample

The population of the study is composed of all the extractive and mining industries enlisted in Amman Stock Exchange (ASE) until the end of 2018, which are (11) companies. The sample of the study consisted of (7) companies from the study population, which were randomly selected among the companies studied, being more suitable for the subject of the study. The copies of the questionnaire were distributed to the target group in five categories: Financial Managers, controllers, chief Auditors, members of Auditing committees and internal auditors. In order to proceed with the study (77) copies of the questionnaire were distributed on the sample of the study sample by (10) copies for each company. The restored copies were 63 by 81% of the total number of distributed copies, then 8 copies of them were excluded for inconvenience. The number of the valid copies was 55, (87%) of the total number of questionnaires restored.

Data Collection Methods

In addition to the research published in the scientific journals related to the subject of the study, a questionnaire was designed that includes many items related to the study questions and hypotheses. The model was based on the theoretical framework of the results of previous studies, like: [10,11,13,24,26].

To measure the quality of financial reports, the questionnaire included some items that related to the fundamental and qualitative characteristics such as relevance and faithful representation of information as a measurement tools for examining financial reporting quality. Relevance is measured by that Information becomes relevant when it is provided to the users before it loses it stability to influence the decision-making process. While faithful representation has been measured through that all information and Economic phenomena Listed in annual reports must be complete, accurate, neutral and free from bias and errors.

As for the measurement of independent variables, these variables included the following items:

- **Competence**: measured by maintain an appropriate level of professional expertise, perform professional duties in accordance with relevant laws and regulations and provide decision support information and recommendations that are accurate, clear, concise, and timely.
- **Confidentiality**: measured by keep information confidential, inform all relevant parties regarding appropriate use of confidential information, and refrain from using confidential information for unethical or illegal advantage.
- **Integrity:** measured by Mitigate actual conflicts of interest, Regularly communicate with business associates to avoid apparent conflicts of interest, Advise all parties of any potential conflicts, Refrain from engaging in any conduct and Abstain from engaging in or supporting any activity that might discredit the profession.
- **Credibility**: measured by communicate information fairly and objectively, disclose all relevant information that expected to influence on understanding of the reports, analyses, or recommendations, disclose delays or deficiencies in information, timeliness, processing, or internal controls

Validity and Reliability

To make the study tool more accurate and objective for measurement, it was verified using face validity by presenting it to a group of 10 arbitrators with relevant expertise in administrative science, statistics, measurement and evaluation. The appropriate wording of the items and their relevance to the variables of the study were checked and has been modified to a final form.

The Cronbach's Alpha equation was used to verify the reliability of the questionnaire, and it was found to be equal to 0.74. This value is acceptable for this type of research (Table 1).

Table 1: Reliability Statistics.

Cronbach's Alpha	# Items
0738	20

Hypothesis Testing

It is obvious from Table 2 which illustrates the descriptive statistics, the variable entered the regression equation are the dependent variable that is financial reporting quality and the independent variable that are competence, confidentiality and credibility. It is indicated that the mean of the answers of the dependent variable (financial reporting quality) equals 4.298 with a standard deviation of 0. 309, while the mean of the answers of the independent variable (competence) was 4.186 with a standard deviation of 0.255.

Whereas the mean of the answers of the independent variable (confidentiality) was 4.157 with a standard deviation of 0.479, and the mean of the independent variable, (credibility) was 4.163 with a standard deviation of 0.479 for the sample of the study (55 individuals). Finally, the mean of the answers of the independent variable (integrity) was 4.2727 with a standard deviation of 0.321.

Table 2: Descriptive Statistics.

	Mean	Std. Deviation	N
Financial Reporting Quality	4.2987	0.30894	55
Competence	4.1864	0.25558	55
Confidentiality	4.1576	0.29295	55
Credibility	4.1636	0.47951	55
Integrity	4.2727	0.32133	55

It is worth noting that the demographic characteristics of the participants in extractive and mining companies involved in the study is largely male, the researchers did not notice any significant differences between the other demographic characteristics, therefore, these characteristics are not discussed in detail.

The Stepwise Multiple Regression method was used to test the validity of the hypothesis of the study, which states standards of ethical conduct (competence, confidentiality, integrity and credibility) have no statistically significant impact at $\alpha<0.05$ on the quality of financial reports of extractive and mining industries. This requires the necessity of ascertaining the absence of multicollinearity diagnoses between the independent variables that represent the standards of ethical conduct of the managerial accountant (Table 3).

Table 3: Variable Inflation Factor[a].

Model	Collinearity Statistics	
	Tolerance	VIF
Competence	0.763	1.311
Confidentiality	0.939	1.065
Integrity	0.702	1.424
Credibility	0.893	1.119

[a]Dependent Variable: Quality.

It is clear from the data in Table 1 that there is no multicollinearity between the variables of the standards of ethical conduct (competence, confidentiality, integrity and credibility). All of these values are less than the critical value of the test that is (3), so the impact of these variables on the quality of financial reporting in the firms under study could be measured.

The regression requirement that the data is subject to normal distribution can be verified by using Histogram and Normal Probability Plot. Figure 1 show that the data of the study variables comply with normal distribution requirements.

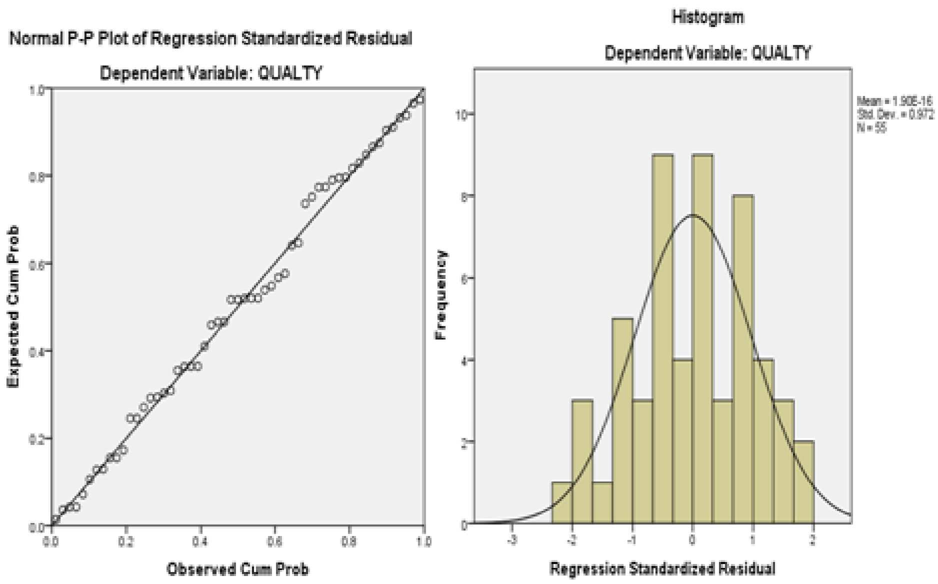

Figure 1: Normal Probability (left), Histogram (right).

In light of the above results, and after confirming that there is no multicollinearity between the standards of ethical conduct, and that the data of the study variables are subject to normal distribution. Then, the impact of these dimensions (competence, confidentiality, integrity and credibility) can be tested on financial reporting quality (Table 4).

Table 4: ANOVA[a] Test.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.156	3	0.719	12.222	0.000[b]
Residual	2.998	51	0.059		
Total	5.154	54			

[a]Dependent Variable: financial Reporting Quality.

[b]Predictors: (Constant), Competence, Confidentiality, Credibility. F value at (3, 51) df, ($\alpha \leq 0.05$)=2.81.

In order to verify the validity of multiple linear regression, it is clear from the results in Table 4 that the calculated value of F (12.222) is greater than the tabulated value (F) of (2.81) and the statistical significance Sig is (0.000). This indicates the multiple linear regression model is valid; henceforth the Standards of Ethical Conduct namely, (competence, confidentiality, integrity and credibility) has an impact on the quality of the financial reports of the extraction and mining companies. In light of the above, it has become possible to use the multiple stepwise linear regression method to measure the impact of the Standards of Ethical Conduct on the quality of financial reporting.

Table 5: Multiple Stepwise Linear Regression[a].

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.224	0.678		0.330	0.743
Competence	0.456	0.134	0.377	3.404	0.001
Confidentiality	0.377	0.115	0.357	3.286	0.002
Credibility	0.144	0.071	0.224	2.045	0.046

[a]Dependent Variable: financial reporting quality.

It is clear from Table 5 that the regression coefficient B of the variable competence is statistically significant, this implies that it has an impact in the quality of financial reporting supported by the value of Sig=0.001 ($\alpha \le 0.05$) and the value of the calculated t (3.286). Consequently, the null hypothesis stating, “There is no statistical significant impact at $\alpha \le 0.05$ for competence standard on financial reporting quality”, is to be rejected. So, the alternative hypothesis is accepted stating, “There is a statistical significant impact at $\alpha \le 0.05$ for competence standard on financial reporting quality of the extraction and mining companies”.

The regression coefficient B of the variable confidentiality is statistically significant, this implies that it has an impact in the quality of financial reporting supported by the value of Sig=0.002 ($\alpha \le 0.05$) and the value of the calculated t (3.404). Consequently, the null hypothesis stating, “There is no statistical significant impact at $\alpha \le 0.05$ for confidentiality standard on financial reporting quality”, is to be rejected. So, the alternative Hypothesis is accepted stating, “There is a statistical significant impact at $\alpha \le 0.05$ for confidentiality standard on financial reporting quality of the extraction and mining companies”.

The integrity standard was removed from the model when stepwise linear regression was used due to the weakness of this standard on the Quality of Financial Reporting since α=0.548 which is greater than the criterion $\alpha \leq 0.05$. Based on this, the null hypothesis failed to be rejected that means, "There is no statistical significant impact at $\alpha \leq 0.05$ for Integrity standard on Financial Reporting Quality of the extraction and mining companies".

The regression coefficient B of the variable credibility is statistically significant, this implies that it has an impact in the quality of financial reporting supported by the value of Sig=0.046 ($\alpha \leq 0.05$) and the value of the calculated t (2.045). Consequently, the null hypothesis stating, "There is no statistical significant impact at $\alpha \leq 0.05$ for credibility standard on financial reporting quality", is to be rejected. So, the alternative hypothesis is accepted stating, "There is a statistical significant impact at $\alpha \leq 0.05$ for Credibility standard on financial reporting quality of the extraction and mining companies".
It is clear from Table 6 that the value of the coefficient of determination (R^2) (0.418) indicates that the entering standards in the model comprised (competence, confidentiality and credibility) interprets about 42% of the variance of the dependent variable and the remaining percentage (58%) is attributed to other variables that did not entered in the model.

Table 5: Model Summary[d].

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.647[c]	0.418	0.384	0.24247
[c]Predictors: (Constant), COMP, CONF, CRED [d]Dependent Variable: QUALTY				

The values of the coefficients of: Competence B (0.456), Confidentiality (0.377) and Credibility Standard (0.144), indicate that the interest of respondents in each of the above criteria by one standard deviation unit will increase their orientation in enhancing the quality of financial reporting in these companies.

The results of the hypothesis testing showed that there is a statistically significant impact of competence, confidentiality and credibility and that integrity has no impact on Financial reporting quality of the extraction and mining companies. In addition, that competence has the most impact on financial reporting quality, followed by the confidentiality and finally the credibility. Based on the results of linear regression analysis, the study model will be:

Predicted Y=0.224 + 0.456 * Competence + 0.377 * Confidelity + 0.144 * Credibility

CONCLUSION AND DISCUSSION

The results of the hypotheses testing related to the study of the impact of the standards of professional behavior (competence, confidentiality and credibility) of the managerial accountants on the quality of the financial reporting of the extractive and mining companies, in general showed that there is a statistically significant impact at ($\alpha \leq 0.05$). However, Integrity standard has no statistically significant impact at ($\alpha \leq 0.05$) on the quality of financial reporting in the companies under study.

It is clear from the previous results that increasing the attention of the managerial accountant in these companies to the commitment to the organization, the profession and himself requires abiding by the standards of professional conduct governing his work. As a result, the managerial accountant does not allow any behavior that violates these standards, since compliance with these standards meets the objectives of managerial accounting.

It is noted that the Competence standard is the most influential on the quality of financial reporting compared to the rest of the standards. This explains: the adherence of the managerial accountant with an appropriate level of professional expertise, performance professional duties in accordance with relevant laws, regulations, and technical standards and providing decision support information and recommendations that are accurate and clear.

It is noted that Confidentiality standard is one of the effective standards of professional behavior of the managerial accountant. These standard points out the managerial accountant should keep information confidential except when disclosure is authorized or legally required. In addition, the managerial accountant should inform all relevant parties regarding appropriate use of confidential information as well as he should refrain from using confidential information for unethical or illegal advantage.

Credibility standard points out that the managerial accountant should communicate information fairly and objectively, as well as Disclose all relevant information that could reasonably be expected to influence an intended user’s.

The result of no significant impact of the Integrity standard on the quality of financial reports is explained by reference to the responsibilities of the managerial accountant within the Integrity standard, the answers showed that there is some kind of avoidance of real or apparent conflict of interest, as advice is not provided to all parties objectively. On the other hand, there is a lack of clarity in the limits and professional boundaries of the management that can prevent good performance, in addition to avoiding the delivery of unsatisfactory information to the referee about professional judgments and opinions.

In light of the above, it is clear that the standards of professional conduct of the managerial accountant play a prominent role in the impact on the quality of financial reporting of mining and extraction companies in general. It is clear from the results that this significant impact varied in its explanatory power. The results proved the validity of the model to interpret the quality of financial reporting as these results submitted to theoretical determinants related to the dimensions of the variables of the study and to other spatial variables related to what provided by the sample of the study reflecting their concern with the idea of the study.

The previous studies have showed Standards of Professional Conduct of the managerial account impact with varied degrees the Quality of Financial Reporting such as: [2,11,14,30]. These studies also varied in determining which standard is most important. This difference is illustrated by the study [7], which showed that the ethical behavior of accountants did not meet the inherent standards of practice, and therefore accounting frauds have recently emerged. This is confirmed by the findings [5] concluding that the accounting rules themselves do not guarantee the preparation of sound financial reports.

On the other hand, the current study showed that Competence is the most influential on the quality of financial reports compared to other standards. The results of the present study (for Competence standard) were consistent [1], which indicated the positive relationship through Competence Financial reports, especially in qualitative qualities and comprehensibility. This result was generally agreed with the results [10] of a study, which showed that there is a positive correlation between the accountant's ethics and the quality of the financial reports. It also agreed [27], which emphasized that the quality of information in management accounting is influenced by ethical requirements, due to the high degree of freedom of information management and presentation. In the same context, there is some difference between the results of the present study and the results of the study [5], which indicated that compliance with accounting standards per se does not guarantee sound financial reporting.

The results of the present study also showed that there is an impact on the quality of financial reports on the quality of financial reports. These results were agreed with the results [9], concluded that ethical accounting is necessary for accountants to prepare high quality financial reports free of errors by ensuring activities that promote compliance with ethical standards. It was also agreed with the study [11] (for Credibility standard) that showed the importance of selecting individuals with a high level of Credibility and the need to direct and monitor compliance with labor ethics. It should be noted that the difference with these standards is often in terms of order of which is more important, and this is attributed to the variance in application environment for each standard.

As for the Integrity standard, the results of this study showed that there is no impact on the quality of the financial reports. This is explained by the researchers' view of the potential contradiction in providing advice to all parties objectively. This is manifested in the relationship between management and administrative accountant. Results related to this standard were in part consistent with the results of the Ghose's study [14], which pointed to ethical and practices resulting from non-adherence to these standards, but differed with the results of the study [11], which showed the impact of this standard on the quality of financial reports.

RECOMMENDATIONS

- Emphasizing the role of ethical standards in the work of the managerial accountant in achieving the quality of the accounting information contained in the internal financial reports, especially with regard to the main characteristics of accounting information such as relevance and reliability.
- The compatibility between the freedom of the managerial accountant to abide with the accounting standards and his commitment to the standards and ethics of the behavior.
- Emphasizing the importance of adherence to the standards of professional conduct of the managerial accountant and seek to regulate this commitment through the establishment of an organization mechanism through which to direct and control compliance with these standards.
- Enhancing the role of the administrative accountant in the preparation and interpretation of appropriate data of high quality that benefit the decision-making with insight and sound information.

- Test the hypothesis of the study and its model in sectors other than the sectors covered by the present study.

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