



Impact of the Code of Professional Conduct on the Quality of Accounting Information in Jordanian Public Shareholding Industrial Companies

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Received:05/01/2026

Accepted:28/03/2026

Published:01/04/2026

Abstract:

This study aimed to examine the impact of the Code of Professional Conduct on the quality of accounting information in Jordanian public shareholding industrial companies listed on the Amman Stock Exchange. Employing a quantitative methodology, data were collected via a structured questionnaire from a sample of 264 senior and middle management members within these companies. The results indicated high levels of both professional conduct adherence (Mean = 4.12) and accounting information quality (Mean = 4.16). Furthermore, regression analysis revealed a strong positive relationship ($R = 0.841$), where the Code of Professional Conduct explained 70.7% of the variance in accounting information quality ($R^2 = 0.707$, Sig = 0.000), confirming the study's main hypothesis. Consequently, the study recommends enhancing ethical training programs for accountants and auditors, implementing continuous monitoring of ethical compliance, and developing internal governance systems that support ethical decision-making. The study's originality stems from providing empirical evidence connecting ethical auditing behavior with accounting information quality within the Jordanian industrial sector, thereby enriching literature on professional ethics frameworks and their influence on financial transparency.

Keywords: *Professional Conduct; Ethics; Internal Audit; Accounting Information Quality; Industrial Companies.*

أثر مدونة قواعد السلوك المهني على جودة المعلومات المحاسبية في الشركات الصناعية المساهمة العامة الأردنية

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تاريخ النشر: 2026/04/01

تاريخ القبول: 2026/03/28

تاريخ الاستلام: 2026/01/05

ملخص:

هدفت هذه الدراسة إلى فحص أثر مدونة قواعد السلوك المهني على جودة المعلومات المحاسبية في الشركات الصناعية المساهمة العامة الأردنية المدرجة في بورصة عمان. ولتحقيق ذلك، اعتمدت الدراسة المنهج الكمي، باستخدام استبانة منظمة كأداة لجمع البيانات، حيث توزعت على عينة مكونة من (264) فرداً من كبار ومتوسطي الإدارة في الشركات الصناعية. وأشارت النتائج إلى وجود مستويات عالية من الالتزام بمدونة قواعد السلوك المهني وجودة المعلومات المحاسبية، كما كشفت تحليلات الانحدار عن وجود علاقة موجبة قوية ذات دلالة إحصائية بين المتغيرين، حيث أوضحت مدونة السلوك المهني ما نسبته 70.7% من التباين في جودة المعلومات المحاسبية (قيمة Sig=0.000)، مما يؤكد قبول الفرضية الرئيسية. وبناءً على ذلك، أوصت الدراسة بضرورة تعزيز برامج التدريب الأخلاقي للمحاسبين والمدققين، وتنفيذ رقابة مستمرة على الالتزام الأخلاقي، وتطوير أنظمة حوكمة داخلية تدعم اتخاذ القرار الأخلاقي. وتكمن أصالة الدراسة في تقديمها أدلة تجريبية تربط بين السلوك التدقيقي الأخلاقي وجودة المعلومات المحاسبية في سياق الشركات الصناعية الأردنية، مما يسهم في إثراء الأدبيات المتعلقة بأطر الأخلاقيات المهنية وتأثيرها على الشفافية المالية.

الكلمات المفتاحية: السلوك المهني؛ الأخلاقيات؛ التدقيق الداخلي؛ جودة المعلومات المحاسبية؛ الشركات الصناعية.

1. Introduction

Ethical behavior in accounting and auditing has become a central focus in contemporary organizational research, especially as organizations face increasing complexity, competition, and regulatory scrutiny. Over the past two decades, several high-profile corporate scandals—such as Enron, WorldCom, and others—have demonstrated how ethical misconduct can distort financial reporting and undermine stakeholder confidence. These events have increased global attention toward developing and enforcing ethical standards in accounting professions (Madegowda, 2025). and information technology has a great contribution to improving and raising the efficiency of the activities of enterprises because of its improvement in the quality of products and the reduction of costs associated with them. Information technology also plays an active role in assisting departments Excellence in making sound and effective decisions and drawing future plans and strategies for the organization (Dewett & Jones, 2001).

The importance of the study stems from the fact that it comes at a time when industrial companies seek to make the most of the information technology they employ for their benefit, in a way that enables them to address weaknesses, achieve quality accounting information, and strengthen the rules of professional conduct for internal auditors

1.1 Study Problem

It is noted that with the existence of international accounting standards, problems occurred for every company and led to its collapse, and it was proven that this failure was caused by an ethical problem that involves non-compliance with the rules of professional conduct (Bezuidenhout, 2022).

Despite international and local efforts to regulate and improve auditing practices, cases of fraud and misrepresentation continue to emerge worldwide. Several corporate failures have been linked to unethical behavior, negligence, or collusion between companies and auditors. This highlights the need to examine whether professional conduct truly translates into higher information quality.

Jordanian public shareholding industrial companies increasingly rely on high-quality accounting information to enhance investor confidence, strengthen corporate governance, and support strategic decision-making. However, the effectiveness of ethical guidelines in achieving these outcomes remains unclear.

Does the code of professional conduct for internal auditors have an impact on the quality of accounting information for Jordanian public shareholding industrial companies listed on the Amman Stock Exchange?

H1: The Code of Professional Conduct has a significant positive effect on the quality of accounting information in Jordanian public shareholding industrial companies.

1.2 Conceptual Model

The conceptual model is presented below:

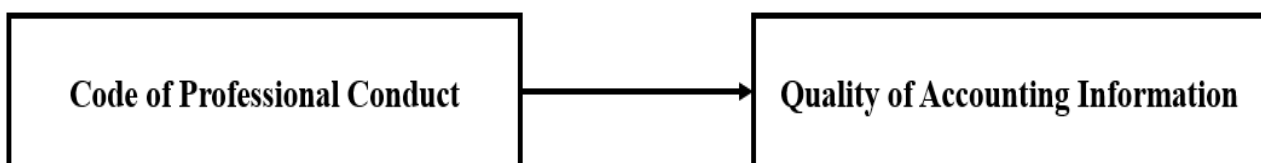


Figure 1: Conceptual Model

2. Literature Review

The scope of internal audit within an organization is broad, and may include topics such as corporate governance, risk management, and management controls on: efficiency and effectiveness of operations (including asset protection), reliability of financial and management reporting, and compliance with laws and regulations. Internal audit may also include conducting proactive fraud audits to identify potential fraudulent acts; participating in fraud investigations under the supervision of fraud investigation professionals, and conducting post-investigation fraud audits to identify control failures and prove financial loss

The Code of Professional Conduct is defined as: basic principles that govern and guide auditors to enhance their profession, maintain public trust, and demonstrate honesty (Friday et al., 2024)

2.1 The Importance of the Code of Professional Conduct

The importance of ethics in accounting has received attention due to the emergence of agency theory, the growth in corporate sizes, and the increased need for information for users, and ethical behaviors help to make the right decision by achieving long-term benefits and enhancing its image at the international level (Demir & Sarisoy, 2017).

The goals of ethics are to evaluate human behavior as ethical or unethical, to establish ethical standards and to compel parties to apply an acceptable code of social behavior, and some of the mandatory principles for professionals are integrity, accountability, and trust, accounting ethics is a specific part of business ethics, since accounting is a type of public service, as the results of accounting processes affect society as a whole.

2.2 Code of Professional Conduct

The International Board of Standards of Ethical Conduct (IESBA) Code of Professional Conduct sets out the most important rules of professional conduct that audit professionals must follow: (integrity, objectivity, professionalism, confidentiality).

Integrity: Integrity is defined as the quality of honesty and possession of ethical principles and strongly, integrity is seen in an individual's ability to be honest and honest in all business and professional activities, complete integrity requires accountants to distance themselves from any false or misleading information (Modesta Amaka & RO 2019).

It requires the auditor to be honest and honest in all his professional and business relationships, as well as honesty and justice in the execution of his duties, fairness, courage and intellectual honesty, as deception and deception are contrary to the principle of integrity (Ahmad, 2012). The auditor shall ensure that the information in the financial reports is free of errors or substantially misleading, that it contains information provided irresponsibly or that the information requested is omitted or concealed where such omission or concealment is misleading, and that it discloses in the financial reports with a high degree of transparency to protect the investor (Barth & Schipper 2008). Financial

Objectivity: Objectivity is an unbiased mental attitude that allows internal auditors to carry out the tasks assigned to them in a way that achieves business objectives without bias, and objectivity includes three dimensions as follows: 1. Neutral attitude, 2. Unbiased attitude, 3. Avoidance of any conflict of interest, and conflicts of interest arise from personal, financial, commercial, functional, or other relationships motives made by the auditor (Gamayuni & Dewi, 2018). Auditors must maintain objectivity and be free from conflicts of interest in meeting professional obligations. Auditors who are not subject to conflicts of interest will be able to act fairly without being pressured by certain parties, and objectivity raises the quality of the audit (Zahmatkesh & Rezazadeh, 2017).

Confidentiality: The auditor shall acquire confidentiality by refraining from disclosing any confidential information of the company or employer, which is obtained as a result of professional and business relations without specific authorization, except that there is a professional and legal right or duty required to disclose such information, and not to use confidential information obtained as a result of employment and professional relations for personal gain.

The auditor must maintain confidentiality in the social environment, be vigilant of the possibility of unintentional disclosure of certain confidential information to a business partner or family member, maintain confidentiality of clients or potential employers, and take reasonable steps to ensure that subordinates respect the principle of confidentiality (Ahmad, 2012).

Professional Competence: Professional competence consists of personal knowledge, general knowledge, and special skills, which are gained from work experience and improve the auditor's ability to conduct an audit. The auditor's work experience is measured by the length of time and the number of tasks performed by the auditor, both of which increase the auditor's experience in conducting the audit (Zahmatkesh & Rezazadeh, 2017).

Professional competence requires continuous awareness and understanding of the relevant technical, professional and business developments, as well as continuous professional development enables auditors to develop their abilities and maintain a high level of abilities to carry out their tasks more efficiently within the professional environment, and all auditors are committed to professional competence by maintaining professional knowledge and skill at the required level, in order to ensure that clients and employers receive services with high professional competence, and the auditor performs his duties diligently in accordance with the professional and technical standards applied when performing professional services (Barac et al., 2016).

The researcher concludes from the above that the rules of professional conduct are integrated for the internal auditor and no rule of professional conduct can be dispensed with, as the work of the internal auditor is very important for the company and the stakeholders, and automatically the internal auditor maintains all the rules of professional conduct in his work, behavior, and behavior, because any defect or negligence leads to the loss of his work and the failure to gain credibility for him and his work.

2.3 Quality of Accounting Information

Accounting information is one of the basic elements that the investor relies on in making his investment decisions, as the investor responds immediately to any new information that is published, and therefore the disclosure of accounting information appropriate to the needs of investors in a timely manner is an indisputable necessity, related to the formation of a portfolio of securities that reflects their tendencies, which has an impact on the prices of those investments and the volume of dealing with them, risk and return, and helps them to adjust Their expectations of their investment returns and risk levels (Kevin, 2022).

Accounting information is used in the company's management activities, regardless of its quantitative information on various activities, accounting information is primarily intended to be useful in economic decision-making, and accounting information is required to also be used by shareholders, who need periodic financial statements in order to evaluate the performance of the company's management (Osadchy et al., 2018).

The quality of accounting information is a quality that characterizes accounting information and gives it qualitative standards, so that the beneficiaries can rely on it as means and tools to make various decisions and achieve the required benefit from it, and it is divided into two basic and enhanced parts (Obaidat, 2007).

Management needs the quality of accounting information to communicate with shareholders to understand them, know their needs, and provide services quickly and in the best possible way, and these characteristics aim to assist managers when developing accounting standards and help accountants in preparing financial statements in evaluating accounting information resulting from the application of alternative accounting methods, and distinguishing between necessary and unnecessary information, as users of accounting information explain the importance of financial statements through their role in decision-making, and the general goal of financial reports is to provide information for decision-making (Mesioye & Bakare, 2024)

The quality of accounting information benefits investors and creditors in order to forecast, compare, and evaluate cash flows in terms of amount, timing, and uncertainty, provide the user with information, comparison, and evaluate the future profits of the project, assess the organization's ability to make efficient and effective use of available resources, evaluate resource management to achieve the organization's goals, and must complete achievement metrics based on the set goals (Khoufi, 2020).

3. Methodology

The study used a quantitative approach with a sample of 264 respondents from Jordanian industrial companies. A structured questionnaire was utilized.

Two types of sources were relied on to obtain the necessary information for the study, which were as follows:

- First: Secondary sources, which included books, scientific researches, periodicals, articles, various publications, theses, university theses, and previous studies related to the subject of the study, whether in Arabic or foreign, which were reviewed before starting the preparation of this study.
- Second: The primary sources, which included the questionnaire that was designed to collect the data necessary for the study, and it was distributed to the members of the study sample in order to identify their answers about the subject of the study, to achieve the objectives of the study, a questionnaire was designed for the purpose of collecting the primary data in the light of the study variables addressed to the senior and middle management of the Jordanian public shareholding industrial companies, where the questionnaire consisted of the following parts:
 - Part I: Measures personal data (gender, age group, educational level, number of years of experience)
 - Part Two: Measures the Study Variables

3.1 Repetitions of the study sample members

Table 1. Sample Characteristics (n = 264)

Variable	Category	Frequency	Percentage
Gender	Male	174	66%
Gender	Female	90	34%
Age	Under 30	27	10%
Age	30–39	161	61%
Age	40–49	63	24%
Age	50+	13	5%
Job Position	Manager	119	45%
Job Position	Assistant Manager	79	30%
Job Position	Dept. Head	66	25%
Education	Diploma or below	5	2%
Education	Bachelor	203	77%
Education	Master	53	20%
Education	Doctorate	3	1%

The data indicate noticeable diversity among the sample, although certain categories dominate. Male respondents formed the majority, and most participants were between 30 and less than 40 years old, reflecting a stage in which employees have gained enough experience to move toward senior positions in the industrial companies. In terms of education, the largest group held a bachelor's degree, with smaller proportions holding master's or doctoral degrees, showing that the typical educational background in Jordanian public shareholding industrial companies is undergraduate-level.

Regarding job position and experience, managers represented the largest job category, suggesting that most respondents are directly involved in decision-making processes within banks. Experience levels also varied, with the 5–9 years group being the most common, while those with more than 20 years of experience made up the smallest group. Overall, the sample shows diversity in demographic and professional characteristics, with a concentration in mid-career, well-educated managerial employees.

4. Results

4.1 Descriptive Statistics

The results indicate that both the Code of Professional Conduct and the Quality of Accounting Information achieved high levels, with mean scores of 4.12 and 4.16 respectively. This reflects a positive perception among respondents regarding accountants' adherence to ethical standards and their ability to provide reliable financial information. The relatively low standard deviations suggest consistent and homogeneous responses, reinforcing the reliability of the findings. Overall, the high scores imply a professional environment characterized by strong ethical conduct, which positively contributes to the quality of accounting information.

Table 2. Descriptive Statistics

Variable	Mean	Std. Dev	Level
Code of Professional Conduct	4.12	0.618	High
Quality of Accounting Information	4.16	0.521	High

4.2 Regression Analysis

As shown in table 3 the regression results show a strong positive relationship between professional conduct and the quality of accounting information. The correlation coefficient ($R = 0.841$) indicates a very strong association, while the coefficient of determination ($R^2 = 0.707$) suggests that professional conduct explains about 70.7% of the variance in accounting information quality. The model is statistically significant, as indicated by the F-value of 97.46 and a p-value of 0.000,

confirming that professional conduct is a meaningful predictor of accounting information quality. These findings highlight the crucial role that ethical and professional behavior plays in enhancing the reliability and usefulness of accounting information.

Table 3. Regression Analysis

Model	R	R ²	F	Sig
Professional Conduct → Accounting Information Quality	.841	.707	97.46	.000

Table 4. Coefficients

Predictor	B	Std. Error	β	t	Sig
Code of Professional Conduct	0.768	0.078	0.841	9.872	0.000

The standardized beta coefficient was $\beta = 0.841$, indicating a very strong positive effect of professional conduct on accounting information quality. The effect was statistically significant ($t = 9.872, p < 0.001$). The model explains 70.7% of the variance in the dependent variable, which reflects a high explanatory power.

5. Discussion

The empirical analysis demonstrated consistently high perceptions across both study variables. Respondents reported strong adherence to the Code of Professional Conduct ($M = 4.12$) and high levels of accounting information quality ($M = 4.16$), indicating a generally ethical and well-regulated reporting environment within Jordanian industrial companies.

Regression analysis confirmed a significant and substantial relationship between ethical conduct and accounting information quality. The correlation coefficient ($R = 0.841$) reflects a very strong positive association, while the coefficient of determination ($R^2 = 0.707$) shows that professional conduct accounts for 70.7% of the variance in information quality. The model’s significance ($F = 97.46, p < 0.001$) provides robust statistical support for the hypothesis.

The regression results reveal that the Code of Professional Conduct significantly predicts the quality of accounting information ($\beta = 0.841, t = 9.872, p < 0.001$). The model explains 70.7% of the variance in accounting information quality ($R^2 = 0.707$), indicating strong explanatory power. These findings confirm that ethical adherence—represented by integrity, objectivity, confidentiality, and professional competence—substantially enhances the reliability, relevance, and transparency of accounting information. Accordingly, H1 is accepted.

These findings underscore the pivotal role of ethical behavior in enhancing the credibility, transparency, and reliability of financial information. Ethical conduct among internal auditors reduces the likelihood of errors, misstatements, or bias, thereby strengthening stakeholder confidence. The results are consistent with prior research emphasizing the importance of ethical frameworks in improving audit quality and reporting integrity.

Theoretically, the study reinforces the linkage between professional ethics and the effectiveness of accounting information systems. Practically, it highlights the need for organizations to strengthen ethical governance through clear policies, continuous training, and systematic monitoring to maintain high reporting standards.

6. Conclusion

The study concludes that adherence to the Code of Professional Conduct significantly affects the quality of accounting information in Jordanian industrial companies. Strengthening ethical standards improves the transparency and reliability of financial reports. Industrial companies should reinforce ethical policies, provide ongoing training, and implement monitoring mechanisms to ensure compliance with professional conduct standards. The study contributes to the literature by providing empirical evidence linking ethical auditing behavior with accounting information quality in Jordanian industrial companies. The study focuses solely on industrial companies; results may differ in other sectors. Self-reported data may also introduce bias. Future studies could compare different sectors, incorporate qualitative interviews, or examine the moderating role of organizational culture.

7. Recommendations

- Strengthen ethical training programs for accountants and auditors.
- Implement continuous monitoring and evaluation of ethical compliance.
- Develop internal governance systems that support ethical decision-making.

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