The impact of the corporate risk management model on the quality of financial reports in Jordanian commercial banks

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Abstract

The objective of this study is to empirically elucidate the influence of the corporate risk management model on the quality financial reports within the context of Jordanian commercial banks, with a specific focus on two critical dimensions: relevance and faithful representation. According to signal theory, each company tries to reduce information asymmetry by providing high-quality of financial reports that have the ability to demonstrate their qualities, depending on that concept. The predominant trend in contemporary practice is the utilization of risk management as a tool to elevate the quality of financial reports. This, in turn, assists in curtailing the manipulation of financial reports, culminating in the issuance of reports characterized by credibility and transparency. This, in turn, reflected on all different users of financial reports in the decision-making process. To accomplish the study's objectives, a descriptive-deductive (analytical) research approach was adopted. The research population encompassed a total of thirteen commercial banks operating at Jordan. Data were collected through a structured questionnaire administered to a randomly selected sample of 234 employees from the financial and supervisory departments of these banks. The study's results strongly suggest that the risk management model has a big effect on the quality of financial reports in Jordanian banks. This model includes things like setting goals, event identification, risk assessment, risk response, supervisory activities, and the evaluation of the financial reporting system.

1. Introduction

In the contemporary landscape of global competition, risk management has emerged as a paramount concern for companies. The handling of risks has undergone a significant transformation in recent years (Nguyen, 2022). Risk management is a crucial aspect of corporate governance, according to the Organization for Economic Cooperation and Development (OECD), having developed into a contemporary institutional practice within businesses. This evolution has, in turn, resulted in enhanced corporate performance and a heightened capacity to mitigate potential risks while averting their adverse consequences (OECD, 2009).

Enterprise risk management plays a pivotal role in comprehending the multifaceted risks confronting businesses, aiding organizations in their quest to identify risks that could impact their financial performance (Wang & Zhao, 2019). Within this dynamic landscape, accounting information and financial reports stand as the bedrock upon which companies, including banks, base their investment decisions. These decisions are crafted with a delicate balance between risk tolerance and return on investment. Notably, interest in investigating factors that influence the quality of financial reports has surged, including a meticulous examination of the quality of accounting information disclosed therein (Kalia & Gill, 2023). Furthermore, scholars such as Al-Bawaia, Alshurideh, Obeidat, and Masa'deh (2022) have sought to unveil the extent to which the quality of risk management interfaces with the quality of financial reports.

Hence, this study is conceived with the primary aim of illuminating the influence of an institutional risk management model on the quality of financial reports within Jordanian commercial banks. Specifically, it delves into the suitability of these financial reports and their capacity to faithfully represent the financial status of Jordanian commercial banks. The research structure will be as follows: research problem, theoretical framework and previous studies, study methodology, conclusion and findings, recommendations

2. Research Problem

This study is designed to answer the central inquiry:

Is the institutional risk management model, with its multiple dimensions (the internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring), having any influence on the quality of financial reports for Jordanian commercial banks.

1. What is the impact of the risk management model, incorporating its dimensions (internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring), on the relevance characteristic of financial reports in Jordanian commercial banks

2. What is the impact of the risk management model, incorporating its dimensions (internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring), on the faithful representation of financial reports in Jordanian commercial banks

3. How far-reaching is the application of the Enterprise Risk Management model (ERM) in Jordanian commercial banks, in the opinion of those who work in the financial and regulatory departments?

4. What level of quality are financial reports generally exhibiting in Jordanian commercial banks?

2.1. Objectives of the Study

The following main goals are what motivate this study:

1. To elucidate the influence of the institutional risk management model and its constituent dimensions on the appropriateness of financial reports within the landscape of Jordanian commercial banks.

2. To expound upon the ramifications of the corporate risk management model and its multifaceted dimensions on the faithful representation of financial reports within the sphere of Jordanian commercial banks.

3. To determine how actively involved individuals in the financial and regulatory departments of these institutions perceive the Enterprise Risk Management (ERM) model's application within Jordanian commercial banks.

4. To assess the prevailing quality level of financial reports within Jordanian commercial banks.

2.2. Significance of the Study

Corporate risk management represents a comprehensive process encompassing the analysis of all risks confronting an organization. It embodies a holistic perspective that takes into account a spectrum of risks with the overarching goal of mitigating adverse impacts on the bank's overall performance. It strives to foster within the bank a unified culture of risk awareness and effective response strategies to address unforeseen risk events that may emerge sporadically (Van, Hien, Huy, & Huy, 2022). A prevailing trend in contemporary practice is the utilization of risk management as a tool to elevate the quality of financial reports (Johnson, Khurana, & Reynolds, 2002). This, in turn, assists commercial banks in curtailing the manipulation of financial statements, culminating in the issuance of reports characterized by credibility and transparency (Salameh, Kalbouneh, Alnabulsi, Al-Sohaimat, & Lutfi, 2022). It aids in constructing a lucid portrait of the institutional risks that these banks may encounter, guiding them towards effective risk mitigation strategies (Rastogi, Gupte, & Meenakshi, 2021). Additionally, it facilitates a more profound understanding within various bank departments of how institutionalization impacts bank performance.

2.3. Study Hypotheses

The research aims to test the following primary hypothesis:

H0.1: We found that the risk management model and all of its parts (internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring) do not have a statistically significant effect on the quality of financial reports in Jordanian commercial banks (α ≤ 0.05).

From this central hypothesis, the subsequent sub-hypotheses were derived:

H0.1.1: There is no statistically significant effect of the risk management model, with its dimensions (internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring), on the relevance characteristics of financial reports within Jordanian commercial banks at a significance level (α ≤ 0.05). .

H0.1.2: There is no statistically significant effect of the risk management model, with its dimensions (internal environment, goal setting, event identification, risk assessment, risk response, supervisory activities, financial reporting system evaluation, and monitoring), on the faithful representation characteristics of financial reports within Jordanian commercial banks at a significance level (α ≤ 0.05).

3. Theoretical Framework and Previous Studies

3.1. Understanding Risks

Global interest in risk management has surged, particularly in the wake of recurrent global financial crises (Coskun, 2013). Udoka and Orok (2017) assert that risk management serves as a crucial mechanism for systematically detailing, analyzing, and evaluating all significant risks pertinent to an organization. Kose and Agdeniz (2019) define risks as uncertain future events that have the potential to impact the organization, emphasizing the imperative of keeping such risks within acceptable limits without compromising organizational objectives. According to Nyandika, Machoka, and Ngala (2022), an integrated enterprise risk management framework is a methodical approach that is under the control of an organization's board of directors, management, and employees. Its purpose is to identify potential events that might affect the institution and to provide reasonable assurance regarding objective achievement. The essence of risk management lies in proactive planning and considering diverse potential events and risks before they manifest (Salameh et al., 2022; Wong, Chui, & Qing, 2023). Enterprise risk management plays a pivotal role in enabling organizations to attain optimal efficiency, safeguard their assets, and reinforce accountability. A robust and efficient institutional risk management process necessitates various components, including material, financial, and non-financial resources, communication structures, human resources, information systems, and a well-structured internal control system. Furthermore, risk management strategies underpin the essence of the risk management process. Organizations confront a spectrum of risks, including strategic, compliance, operational, and financial risks, along with reputational risks. Consequently, operational risks have gained prominence within management's purview when assessing an organization's overall risk profile (Zhu, Li, & Mishra, 2023). The COSO (2004) has outlined an enterprise risk management framework comprising eight interconnected components: internal environment, goal setting, event identification, risk assessment, risk response, control activities, information and communication, and enterprise risk management performance monitoring. The internal environment forms the foundational basis, as it articulates the organization's ethos and influences risk perceptions (Shaleh & Kurniasih, 2021).

3.2. Assessing Financial Report Quality

The quality of financial reports resides in their capacity to provide value to decision-makers and inspire informed choices. Mahdi Sahi, Mahdi Sahi, Abbas, and FA Khatib (2022) underscore that the primary objective of preparing financial reports is to furnish owners and all financial report users with invaluable insights into the bank's financial position. This information facilitates the effective allocation of resources and the evaluation of returns and risks tied to investments and available opportunities (Fahrian & Nasution, 2023). The quality of financial reports is contingent upon the rigorous application of high-quality accounting standards, with an emphasis on transparent disclosure in decision-making processes (Valentyn & Pavlov, 2017).

To rate the quality of a financial report, the International Accounting Standards Board (IASB) has come up with two groups of qualities: fundamental qualities (like accuracy and relevance) and enhancing qualities (like being able to compare, be checked, understand, and be up-to-date) (Hussin, Zainol, Arifin, & Samsuri, 2021). According to Achim and Chiş (2014) quality financial reports fully and transparently reflect financial information and data, rendering them more valuable to investment decision-makers and serving as a benchmark for the competence and professionalism of report preparers. Hasaballah and Halim (2022) posit that quality financial reports issued by public joint-stock companies accurately represent the information in the presented elements, convey information regarding operations comprehensively, and articulate expected cash flows, particularly to investors (Basodan, 2022). Accounting information quality stems from the application of alternative accounting methods and techniques (Wu, Xiong, & Li, 2019).

Quality financial reports manifest in diverse forms, reflecting the fundamental attributes of accounting information encompassing presentation, format, and content (Salameh & Lutfi, 2021). Measuring quality remains a challenge in the accounting literature, with various models proposed to gauge the quality of financial reports. These models fall into two broad categories: those measuring quality through the

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characteristics of accounting information quality and those assessing quality through financial reports' attributes, including profit as an indicator of financial report quality (Okolie & Nosa, 2014).

4. Study Methodology

The study employed a descriptive and analytical approach, with a study population comprising employees in the principal financial and supervisory departments of Jordanian commercial banks (totalling 13 banks). The researchers did not limit the population based on the theory of Thompson (2012), which suggests that there is no typical sample size. They determined that a sample size ranging from 30 to less than 500 is suitable for many administrative research studies. The research strategy involved designing an electronic questionnaire (online questionnaire) and distributing it to employees in the financial and supervisory departments of Jordanian banks at main branches using a random sampling method. Which will enable a more reliable and easier way to collect specific information, sort data, and avoid ambiguity in interpreting the result, with A total of 234 valid questionnaires were collected from participants holding various job titles within the supervisory and financial departments, including managers, deputy/assistant directors, department/unit heads, internal auditors, accountants, supervisors, and compliance officers.

4.1. Validity and Reliability of the Study Tool

Construct validity was assessed by calculating the correlation coefficient between each item of the scale and the total score of its respective axis. Strong correlation coefficients were found for both institutional risk management items (ranging from 0.595 to 0.834) and quality of financial reports items (ranging from 0.601 to 0.798). These coefficients were all greater than 0.25, which means there is a direct link between the two sets of data.

4.2. Validity and Reliability of the Study Tool
4.2.1. Construct Validity

The study employed a rigorous assessment of construct validity by calculating the correlation coefficients between individual items of the scale and their respective axis's total scores. The results revealed robust correlations for items pertaining to institutional risk management, spanning from 0.595 to 0.834. Similarly, items related to the quality of financial reports demonstrated substantial correlations ranging from 0.601 to 0.798. Importantly, all correlation coefficients surpassed the established threshold of 0.25, consistently displaying a positive trend (+) (Rua, Musiello-Neto, & Arias-Oliva, 2022). This attests to the structural validity of the study tool, affirming its suitability for rigorous statistical analysis.

4.2.2. Stability of the Study Tool

To ascertain the stability of the study instrument, Cronbach's Alpha test was conducted. The results indicated a range of values from 78.4% to 92.7%, with the overall index for all items reaching an impressive 94.6%. Notably, all values exceeded the benchmark of 70%, affirming the instrument's high level of consistency and stability (Sekaran & Bougie, 2020).

4.2.3. Normal Distribution Test

The assessment included a normal distribution test, commencing with the calculation of the skewness coefficient. A skewness value falling outside the range of (±1) would suggest a highly skewed distribution. Additionally, the kurtosis coefficient was computed, with the distribution being considered normal if the value did not exceed (±1.96) at a significance level of 0.05 (Hair, Harrison, & Risher, 2018; Kanakriyah, Shankat, & Freihat, 2017).

4.2.4. Assessment of Data Distribution

The results presented in Table 1 unequivocally demonstrate the normal distribution of the data. This assertion is substantiated by the (Skewness) values for all dimensions, each of which falls comfortably within the range of (±1). Furthermore, the (Kurtosis) values, instrumental in determining the distribution's shape, did not exceed the threshold of (±1.96). These findings collectively affirm the normal distribution of the dataset, reinforcing the foundation for sound statistical analysis.

4.3. Suitability of Statistical Methods Employed

The suitability of chosen statistical methods is of paramount importance in ensuring the integrity of research outcomes. To this end, it is imperative to scrutinize the interplay among independent variables, as their correlations can significantly impact the estimation of study parameters. In the context of multiple regression analysis, the ideal scenario entails robust correlations between independent and dependent variables, juxtaposed with low correlations among the independent variables themselves. High correlations among independent variables can lead to multicollinearity, where they become overly interdependent, hindering the extraction of variance in the dependent variable. Multicollinearity, characterized by strong and significant correlations among independent variables, is a phenomenon that undermines the independence and reliability of regression coefficients. To assess multicollinearity, several steps are employed:

Table 1. Kurtosis and Skewness test results.

Variable / The test	ERM	Monitoring	Evaluation of the financial reporting system	Oversight activities	Risk response	Risk assessment	Define the event	Setting goals	Regulatory environment
Skewness	0.666-	0.681-	0.686-	0.775-	0.097-	0.827-	0.786-	0.700-	0.709-
Kurtosis	0.135-	0.627	0.550	0.535	0.716-	0.642	0.703	0.449	0.626
The dimension	Quality of financial reports			Honest representation			Relevance		
Skewness	0.676-			0.732-			0.420-		
Kurtosis	0.114			0.263			0.226-		

Table 2. Pearson matrix between the dimensions of (ERM).

ERM	Internal environment	Setting goals	Define the event	Risk assessment	Risk response	Oversight activities	Evaluation of the financial reporting system	Monitoring
Internal environment	1							
Setting goals	0.614	1						
Define the event	0.628	0.702	1					
Risk assessment	0.609	0.612	0.667	1				
Risk response	0.510	0.538	0.553	0.659	1			
Oversight activities	0.557	0.609	0.567	0.639	0.564	1		
Evaluation of the financial reporting system	0.553	0.506	0.555	0.614	0.575	0.593	1	
Monitoring	0.547	0.618	0.600	0.573	0.585	0.647	0.661	1

4.3.1. Examination of Correlation Matrix

A thorough evaluation of the correlation matrix between independent variables is conducted. This analysis serves to ascertain the absence of linear redundancy among independent variables. Specifically, if the correlation coefficients' values do not exceed the threshold of 0.80, it indicates the absence of significant multicollinearity.

4.4. Correlation Analysis

The outcomes presented in Table 2 provide insight into the correlation coefficients between the dimensions of corporate risk management. Notably, the highest correlation coefficient observed was 0.702, occurring between the dimensions of "identifying the event" and "setting goals." This finding holds significance for conducting rigorous statistical analysis, as the values remain well below the threshold of 0.80. This absence of exceedingly high correlations among dimensions reinforces the suitability of the dataset for robust statistical exploration.

4.5. Variance Inflation Factor (VIF) Assessment

In tandem with the correlation analysis, Variance Inflation Factor (VIF) assessment was employed to further scrutinize the interplay among independent variables. This assessment seeks to determine whether there is any significant multicollinearity. Specifically, the VIF for each independent variable was examined, and if the VIF value falls below 5, it signals the absence of linear redundancy among variables.

Moreover, tolerance, derived by dividing 1 by the inflation factor (VIF), was computed. A tolerance value exceeding 1 but surpassing 0.2 further substantiates the absence of linearity (Hair et al., 2018). These meticulous steps in assessing multicollinearity contribute to the robustness of the statistical analysis and ensure that the research findings maintain their integrity.

Table 3. Multicollinearity test results.

ERM dimensions	Evaluation of the financial reporting system	Oversight activities	Risk response	Risk assessment	Define the event	Setting goals	Regulatory environment	Monitoring
Inflation factor (VIF)	2.232	2.290	2.079	2.757	2.609	2.513	2.073	2.495
Allowable contrast (1/VIF)	0.448	0.437	0.481	0.376	0.383	0.398	0.482	0.401

4.5.1. Variance Inflation Factor (VIF) Assessment

Table 3 yields compelling evidence. The calculated values of the Variance Inflation Factor (VIF) for each independent variable consistently fall below the critical threshold of 5. Concurrently, the tolerance values exceed 0.2 but do not surpass 1. These findings unequivocally demonstrate the absence of multicollinearity within the dataset. This signifies a robust foundation for the ensuing statistical analysis.

4.6. Autocorrelation Test

The Autocorrelation test assumes paramount importance in affirming the data's freedom from the autocorrelation problem, a phenomenon that can undermine the predictive capabilities of the regression model. Within this context, the Durbin–Watson Test emerges as a renowned diagnostic tool employed to detect correlations among random errors.

The assessment hinges on comparing the calculated Durbin–Watson (D.W.) value against two critical tabulated values: the lower limit (dl) and the upper limit (du). When the calculated D.W. value exceeds the upper tabulated limit (du), it serves as a testament to the absence of autocorrelation issues within the regression equation.

Table 4. D.W test results.

Statement	$H_{o.1}$	$H_{o.1.1}$	$H_{o.1.2}$
D.W calculated	1.887	1.906	1.815
D.W calculated	1.757		
D.W tabular minimum dl	1.592		

4.6.1. Confirmation of Autocorrelation Test Results

The validation of the Autocorrelation test results, as presented in Table 4, is unequivocal. The calculated Durbin–Watson (D.W.) value surpasses its upper tabulated counterpart (du), a compelling indicator of the absence of any autocorrelation problem. This robust outcome fortifies the model's suitability for use in the regression analysis, ensuring the integrity of the study's findings.

4.7. Descriptive Statistics for Study Variables

This section of the study is dedicated to providing a comprehensive description of both the independent variable, "corporate risk management," and the dependent variable, "quality of financial reports." The objective is to gauge the relative importance of these dimensions among the study's participants. To achieve this, a thorough examination of the arithmetic means and standard deviation, as elucidated in Table 5.

Table 5. Results of descriptive statistics for dimensions of corporate risk management.

ERM	Arithmetic mean	Standard deviation	Rank	Priority level	Percentage
Internal environment	4.06	0.607	5	High	81.2%
Setting goals	4.02	0.662	8	High	80.4%
Define the event	4.07	0.607	4	High	81.4%
risk assessment	4.09	0.608	3	High	81.8%
Risk response	4.04	0.608	6	High	80.8%
Oversight activities	4.03	0.651	7	High	80.6%
Evaluation of the financial reporting system	4.17	0.583	2	High	83.4%
Monitoring	4.19	0.553	1	High	83.8%
4.08	4.08	0.491	High		81.6%
Quality of financial reports	Arithmetic mean	Standard deviation	Rank	Priority level	Percentage
Relevance	4.11	0.577	2	High	82.2%
Faithful representation	4.16	0.596	1	High	83.2%
Average	4.14	0.538	High		82.8%

4.8. Analysis of Descriptive Statistics

Table 5 furnishes enlightening insights into the relative importance of the dimensions within institutional risk management and the quality of financial reports. Among the dimensions of institutional risk management, the "monitoring" dimension garners the highest rank, signifying its paramount importance. In stark contrast, the "setting goals" dimension secures the lowest rank among respondents, suggesting a comparatively lower degree of significance. Notably, the arithmetic means for these dimensions fall within the range of 4.02 to 4.19, indicating a consistently high level of importance attributed to all dimensions.

It is worth highlighting that the standard deviations for all dimensions exhibit close proximity, signalling a lack of dispersion in the responses from study participants to the questionnaire items. This consistency underscores the reliability and coherence of the study sample's feedback.

The overarching index for enterprise risk management registers at an impressive 4.08, coupled with a standard deviation of 0.491. This underscores the high importance attributed to the application of the enterprise risk management model, effectively addressing sub-question (3) within the study problem.

Turning to the dimensions of the quality of financial reports in Jordanian commercial banks, the "faithful representation" dimension claims the top position in terms of importance, closely followed by the "relevance" dimension in second place. The arithmetic averages for these dimensions range between 4.16 and 4.11, indicating a high level of significance ascribed to both aspects.

Furthermore, the standard deviations for these quality dimensions are proximate, corroborating the absence of substantial dispersion in the responses provided by study participants.

In total, the cumulative index for the calibre of financial reports is 4.14, with a standard deviation of 0.538. This underscores that the quality of financial reports attains a high level of importance, effectively addressing sub-question (4) within the study's overarching problem. Subsequently, the dimensions of the quality of financial reports within Jordanian commercial banks will be elaborated upon in detail.

4.9. Analysis of Hypotheses Testing

The central hypothesis, HO.1, posits that "there is no statistically significant effect at the level ($\alpha \leq 0.05$) of the risk management model, with its encompassing dimensions (internal environment, setting goals, identifying the event, assessing risks, responding to risks, supervisory activities, evaluating the financial reporting system, and monitoring), on the quality of financial reports in Jordanian banks." The rigorous examination of this hypothesis has yielded enlightening results, as illustrated in Table 6.

4.9.1. Hypothesis Testing Results

The results presented in the table above bear compelling evidence. The correlation coefficient (R = 83.8%) signifies a robust and substantial relationship between the enterprise risk management model and the quality of financial reports within Jordanian commercial banks. Moreover, the coefficient of determination (R^2 =

70.2%) underscores that the enterprise risk management model accounts for an impressive 70.2% of the variance in the quality of financial reports.

Table 6. Results of testing the impact of the corporate risk management model on the quality of financial reports.

Dependent variable	ERM	Standard deviation coefficients		Standard coefficients	Calculated T value	T. sig.
		Constant B coefficient	The standard error	Beta coefficient β		
Quality of financial reports	Constant	0.328	0.169		1.933	0.054
	Internal environment	0.100	0.046	0.113	2.156	0.032*
	Setting goals	0.006	0.047	0.008	0.137	0.894
	Define the event	-0.003	0.052	-0.004	-0.064	0.949
	Risk assessment	0.121	0.053	0.137	2.278	0.024*
	Risk response	0.137	0.046	0.155	2.950	0.004*
	Oversight activities	0.116	0.045	0.140	2.553	0.011*
	Evaluation of the financial reporting system	0.108	0.050	0.117	2.148	0.033*
	Monitoring	0.341	0.056	0.351	6.111	0.00*
R	R²	Adj. R²	Calculated F value			F. sig.
0.838	0.702	0.692	66.396			0.00*
*Significant at the level (0.05≥α)						
Tabular F value = (1.94)		DF=8/225	"Tabular T value=(1.96)±"			

These findings concretely affirm the statistically significant impact of the corporate risk management model on the quality of financial reports. The value of (F.Sig = 0.00), which is significantly below the significance level (α≤0.05), as well as the calculated (F) value (66.396), which is significantly higher than its tabular counterpart (1.94), support this assertion. This establishes the model's significance at a degree of freedom (DF = 8/225). In light of these outcomes, it becomes evident that the alternative hypothesis (Ha) is embraced, affirming the existence of a statistically significant effect at the level (α≤0.05) of the risk management model, encompassing dimensions such as internal environment, risk assessment, risk response, supervisory activities, evaluation of the financial reporting system, and monitoring, on the quality of financial reports within Jordanian banks. Subsequently, the analysis delves into the examination of the sub-hypothesis (HO.1.1), which probes the potential impact of the risk management model dimensions on the suitability of financial reports in Jordanian banks. The comprehensive findings are detailed in Table 7.

Table 7. Results of testing the impact of the corporate risk management model on the relevance of financial reports.

Dependent variable	ERM	Standard deviation coefficients		Standard coefficients	Calculated T value	T. sig.
		Constant B coefficient	The standard error	Beta coefficient β		
Relevance of financial reports	Constant	0.394	0.213		1.845	0.066
	Internal environment	0.019	0.058	0.020	0.331	0.741
	Setting goals	-0.005	0.059	-0.005	-0.079	0.937
	Define the event	-0.007	0.066	-0.008	-0.111	0.912
	risk assessment	0.160	0.067	0.169	2.392	0.018*
	Risk response	0.151	0.058	0.159	2.591	0.010*
	Oversight activities	0.075	0.057	0.085	1.318	0.189
	Evaluation of the financial reporting system	0.126	0.063	0.127	1.998	0.047*
	Monitoring	0.381	0.070	0.365	5.420	0.00*
R	R²	Adj. R²	Calculated F value		F. sig.	
0.768	0.590	0.575	40.462		0.00*	
*Significant at the level (0.05≥α)						
Tabular F value = (1.94)		F=8/225		"Tabular T value=(1.96)±"		

4.9.2. Hypothesis Testing Results – Sub-Hypothesis (1.2)

Looking at Sub-Hypothesis HO.1.2, which looks at how the risk management model dimensions might affect how accurately financial reports are shown in Jordanian banks, Table 8 shows the results that are important.

The correlation coefficient (R = 76.8%) reveals a robust and notable relationship between the corporate risk management model and the suitability of financial reports in Jordanian commercial banks. The coefficient of determination (R^2 = 59%) elucidates that the enterprise risk management model accounts for a significant 59% of the variance observed in the appropriateness of financial reports in these banks.

Further substantiating these observations, the statistically significant impact of the enterprise risk management model on the appropriateness of financial reports is reaffirmed by the (F.Sig.) value (0.00), significantly below the threshold of (0.05). This is underscored by the calculated (F) value (40.462), which far exceeds its tabular counterpart (1.94), reinforcing the model's significance with a degree of freedom (DF = 8/225).

Table 8. Results of testing the impact of the enterprise risk management model on the faithful representation of financial reports.

Dependent variable	ERM	Standard deviation coefficients		Standard coefficients	Calculated t value	T. sig.
		Constant B coefficient	The standard error			
Faithful representation of financial reports	Constant	0.261	0.217		1.207	0.229
	Internal environment	0.181	0.059	0.184	3.048	0.003*
	Setting goals	0.017	0.060	0.019	0.292	0.771
	Define the event	0.001	0.066	0.001	0.009	0.993
	risk assessment	0.082	0.068	0.084	1.208	0.228
	Risk response	0.122	0.059	0.125	2.064	0.040*
	Oversight activities	0.157	0.058	0.171	2.696	0.008*
	Evaluation of the financial reporting system	0.089	0.064	0.087	1.394	0.165
	Monitoring	0.302	0.071	0.280	4.224	0.00*
R	R^2	R^2	Calculated F value		F. sig.	
0.777	0.604	0.590	42.848		0.00*	
*Significant at the level (0.05≥α)						
Tabular F value = (1.94)		DF=8/225			"Tabular T value= (1.96)±"	

In accordance with these outcomes, the alternative hypothesis (Ha) is confirmed, affirming the existence of a statistically significant effect at the level (α≤0.05) of the risk management model dimensions, encompassing risk assessment, risk response, financial reporting system evaluation, and monitoring, on the appropriateness of financial reports within Jordanian banks.

4.9.3. Hypothesis Testing Results – Sub-Hypothesis (2)

Looking at Sub-Hypothesis HO.1.2, which looks at how the risk management model dimensions might affect how accurately financial reports are shown in Jordanian banks, Table 8 shows the results that are important.

The correlation coefficient (R = 77.7%) reveals a robust and notable relationship between the institutional risk management model and the honest representation of financial reports in Jordanian commercial banks. The coefficient of determination (R^2 = 0.604) elucidates that the institutional risk management model accounts for a substantial 60.4% of the variance observed in the true representation of financial reports in these banks.

Further substantiating these observations, the statistically significant impact of the corporate risk management model on the honest representation of financial reports is reaffirmed by the (F. sig.) value (0.00), significantly below the threshold of (0.05). The calculated (F) value (42.848), which is significantly higher than its tabular counterpart (1.94), underlines this and reinforces the model's significance with a degree of freedom (DF = 8/225).

In accordance with these outcomes, the alternative hypothesis (Ha) is confirmed, affirming the existence of a statistically significant effect at the level (α≤0.05) of the risk management model dimensions, encompassing the internal environment, setting goals, identifying events, assessing risks, responding to risks, controlling activities, evaluating the financial reporting system, and monitoring, on the honest representation of financial reports within Jordanian banks.

5. Study Findings and Conclusion

5.1. Findings

The study has unearthed a wealth of insights regarding the dimensions of enterprise risk management within commercial banks, shedding light on their relative importance and highlighting various aspects of their implementation.

Firstly, the dimension of the internal environment underscored the management's commitment to fostering integrity and moral values among bank employees. The organizational structure efficiently delineated powers and responsibilities in accordance with the administrative hierarchy.

Secondly, the results illuminated that commercial banks meticulously set high-level goals harmonious with their mission and vision. This concurred with the findings of a prior study by Salameh et al. (2022) examining the COSO framework's application in Jordanian commercial banks and its impact on financial performance. Banks employed diverse techniques, leveraging historical and future insights to determine their course of action.

Furthermore, the study demonstrated that banks diligently assessed potential risks and evaluated their response strategies, encompassing avoidance, minimization, participation, and acceptance. This comprehensive approach considered the cost-benefit analysis of prospective responses.

Additionally, the research revealed that banks were dedicated to implementing policies and procedures ensuring the separation of conflicting tasks, thereby enhancing oversight effectiveness. Robust controls were in place to prevent unauthorized access to assets and records, consistent with the findings of a previous study (Kose & Agdeniz, 2019).

Moreover, the dimension of evaluating the financial reporting system emerged as highly significant. Effective communication channels facilitated the dissemination of information among bank employees, while banks proactively developed communication plans to address expectations, individual responsibilities, and internal and external factors. These findings echoed the study by Weshah, Elessa, Shanti, Salameh, and Al-Tahat (2021) on the impact of implementing the COSO framework in Jordanian commercial banks on financial performance. Banks also displayed an inclination to modify, develop, and implement the self-assessment process according to varying risk levels and continuously monitor recurring operational activities.

5.2. Conclusion

The banking sector aims to achieve a long-term strategic goal in order to influence competitors and obtain more advantages, so banks try to access reliable, high-quality information to assist in making investment decisions.

In order to achieve this vision or this phenomenon regarding the credibility of the information provided. Accordingly, it is clear that organizations use strategic management concepts in different ways while sharing events and developments in modern economic systems. Turning to the dimensions of the quality of financial reports in Jordanian commercial banks, the "faithful representation" dimension claims the top position in terms of importance, closely followed by the "relevance" dimension in second place. Indicating a high level of significance ascribed to both aspects. Accordingly, this study came to help banks use the corporate risk management model concepts in different ways while sharing events and developments in modern economic systems. Turning to the dimensions of the quality of financial reports in Jordanian commercial banks, the "faithful representation" dimension claims the top position in terms of importance, closely followed by the "relevance" dimension in second place. Indicating a high level of significance ascribed to both aspects. The most important result indicates a strong relationship between the corporate risk management model and the quality of financial reports (relevance and faithful representation) in Jordanian commercial banks.

Finally, the suitability dimension garnered considerable importance. Banks consistently communicated financial information through timely financial statements, with accounting information within these statements proving influential in making corrections and preparing updated financial information. Standardized measurement methods and approaches for financial information across statements and reports contributed to transparency and honesty in financial reporting.

6. Recommendations

Based on the study's findings, several recommendations are put forth to enhance risk management practices within commercial banks:

1. Identification of Training Needs: It is recommended to identify the training needs of bank employees and implement development programs, both at individual and collective levels. This will help the workforce stay abreast of the latest developments and integrate them into the bank's environment to achieve sustainable results.

2. Strategic Integration of Enterprise Risk Management: Banks should consider integrating enterprise risk management as a pivotal component of their strategic management approach. Viewing enterprise risk management as an investment in the future rather than a cost can help bank management reduce uncertainty and enhance long-term resilience.

3. Enhanced Use of Self-Evaluation: Banks are encouraged to augment their use of self-evaluation methods for their supervisory systems. This practice can lead to more effective oversight and risk management.

4. Alignment of Strategic Objectives: The study recommends aligning strategic objectives with more specific, cascading objectives that span the organization's various activities. This alignment can enhance goal coherence and effectiveness.

5. Development of Emergency Plans: To ensure uninterrupted workflow and mitigate the risk of electronic system failures, banks should consider developing comprehensive emergency plans.

6. Future Studies: The study suggests conducting additional research focused on the enhanced characteristics of accounting information. Exploring ways to optimize the utility and quality of accounting information can contribute to improved financial reporting practices.

In conclusion, these recommendations aim to fortify risk management frameworks within commercial banks, fostering a culture of transparency, accountability, and resilience in the face of uncertainties.

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