






“Nexus between audit committee chair experience and accounting conservatism in a developing economy: Evidence from Jordan”

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NEXUS BETWEEN AUDIT COMMITTEE CHAIR EXPERIENCE AND ACCOUNTING CONSERVATISM IN A DEVELOPING ECONOMY: EVIDENCE FROM JORDAN

Abstract

This study examines the effect of audit committee chair experience on accounting conservatism in Jordanian publicly listed firms, addressing a key gap in corporate governance literature in emerging markets. The analysis is based on 340 firm-year observations from 68 non-financial service and industrial companies listed on the Amman Stock Exchange during 2018–2022. Firms were selected from an initial population of 169 companies; financial institutions were excluded due to sector-specific regulations, and others were removed for delisting or insufficient data. Accounting conservatism is measured using Basu's asymmetric timeliness model. Audit committee chair experience is captured along two dimensions: accounting experience and supervisory experience. The model includes controls for firm size, firm age, profitability, board size, audit committee size, and the COVID-19 pandemic years. The findings show that both accounting experience and supervisory experience significantly strengthen accounting conservatism. These results suggest that audit committee chairs with relevant experience enhance governance effectiveness and mitigate opportunistic financial reporting. This study makes a novel contribution by providing the first empirical evidence on the direct impact of an audit committee chair's supervisory and accounting experience on accounting conservatism.

Keywords

audit committee chair, accounting experience,
supervisory experience, accounting conservatism,
corporate governance, Jordan, developing economy

JEL Classification

M48, M41, G38

INTRODUCTION

Corporate governance is crucial for quality financial reporting and reducing manager-shareholder conflicts. Audit committees ensure reliable financial statements and protect investors (Handriani, 2020). As reporting becomes more complex, the audit committee chair's (ACC) role becomes vital (Alodat et al., 2023). Previous studies have focused on audit committees (Alodat et al., 2023; Fayad et al., 2024; Jameel et al., 2024); however, a research gap exists in exploring the impact of accounting experience (technical financial knowledge) and supervisory experience (leadership and oversight) within the ACC on accounting conservatism. Strong governance, including effective audit committees, promotes conservative reporting (Choo et al., 2024). Chairs with accounting experience better detect manipulation and ensure accurate reporting, whereas those with supervisory experience enhance board accountability. Without differentiating between these experiences, understanding how audit committee leadership shapes reporting outcomes remains difficult.

This gap is particularly relevant in Jordan, where governance structures are shaped by concentrated ownership, political influence, and weak enforcement. Although the Jordan Securities Commission introduced reforms in 2017 to strengthen oversight, the lack of clear experience requirements for audit committee chairs and inconsistent rules raise concerns about their effectiveness (Jordan Securities Commission, 2017). In such settings, ACC personal experiences may play a decisive role in maintaining financial discipline (Alodat et al., 2023). Recent shocks such as the COVID-19 pandemic have also highlighted the importance of governance experience in sustaining reporting credibility during times of uncertainty (Putra, 2024). Recent studies have made this research gap more explicit. Azizkhani et al. (2023) called for an investigation into audit committee chair characteristics and their impact on financial reporting outcomes, particularly on accounting conservatism.

Accordingly, the scientific problem addressed is the lack of empirical evidence on how different forms of audit committee chair experience – accounting versus supervisory – affect accounting conservatism, particularly in emerging markets like Jordan, where weak enforcement makes leadership critical. To our knowledge, this is the first study to examine the direct impact of an audit committee chair's supervisory and accounting experience on conservatism. It also provides policymakers in developing economies with insights into enhancing the corporate governance codes.

1. LITERATURE REVIEW AND HYPOTHESES

The present study is predicated upon two theoretical frameworks: agency theory and human capital theory. Agency theory posits that upper management may exploit their roles for personal benefit and alter financial reporting, harming the company (Wan-Hussin et al., 2021). The agency theory posits that the audit committee oversees the quality of financial reports and monitors executive management to ensure alignment with shareholder interests (Habbash et al., 2013).

Agency theory posits that experienced and knowledgeable directors enhance management oversight and governance, hence diminishing agency costs (Alsheyab et al., 2024a). The human capital theory posits that an individual's experience, capabilities, knowledge, education, experience, and skills significantly contribute to organizational benefits (Chaudhry et al., 2020).

Based on the above and based on the chair of the audit committees is part of the audit committee directs and supervises the committee, enhancing its ability to fulfil its duties (Lutfi et al., 2022). Since accounting conservatism is the basic principle for creating reliable financial reports. Accounting conservatism is the basic principle for creating reliable financial reports. The experience and qualifications of the audit committee chair are expected

to increase the application of accounting conservatism to obtain reliable financial statements and reduce agency problems. Jordanian environmental settings support this theoretical framework, as Jordanian companies listed on the Amman Stock Exchange are obligated to establish an audit committee within the corporate governance code of 2017. The committee, headed by one of its members, supervises the institution's accounting, control, and auditing aspects (Jordan Securities Commission, 2017).

Moving on to experimental studies, the study of the characteristics of governance mechanisms and financial reports still receives great attention in experimental research, as they are vital elements in the success of companies, as the studies by Salehi et al. (2023), and Almaqtari et al. (2020) reached a positive effect of the experience of directors and other features on the quality of financial reports in Iraq, and India.

In recent years, the literature has provided a wealth of empirical evidence on accounting, which is one of the pillars of accounting and the realism of financial reports. Muhammad et al. (2025) concluded that the gender of the board of directors positively affects accounting conservatism in European countries. In addition, Choo et al. (2024) found that the rate of compliance with corporate governance reports increases accounting conservatism in the Korean market. The study

conducted by Alsheyab et al. (2024b) revealed a positive correlation between company profitability and accounting conservatism practices in the Jordanian context. Hrazdil et al. (2023) found that accounting conservatism in the United States is influenced by Generalist CEOs. The study by Ismail et al. (2021) indicates that CEO attributes, including gender, age, education level, and race, positively influence accounting conservatism. On the other hand, Nguyen et al. (2020) discovered that banking experience in the field of management negatively affects accounting conservatism in the UK.

Audit committees and their chairs are considered important resources that have received significant attention. Al Maani et al. (2025) discovered a positive effect of audit committee characteristics, such as experience and independence, on voluntary disclosure. Moreover, Fayad et al. (2024) concluded that the experience of the audit committee chair improves ESG disclosure in Saudi Arabia. In the Jordanian context, Lutfi et al. (2022) discovered that financial reporting improves when an audit committee chair has accounting experience. In Indonesia, Handriani (2020) found that the accounting experience of the audit committee reduces earnings management. In addition, Alodat et al. (2023) revealed a favorable relationship between the accounting experience of audit committee chairs and the financial metrics ROA and ROE in Jordanian companies. In contrast, in Malaysia, Alsayani et al. (2023) did not find evidence of the audit committee's chairman's experience in selecting the auditor. Moreover, Azizkhani et al. (2023) found that supervisory and accounting experience do not affect the possibility of selecting an auditor from the Big Four firms, while the chair with a university degree in business specializations has a positive impact. In addition, Almarayeh et al. (2022) discovered that earnings management is not affected by the audit committee's experience in Jordan. Moreover, in Dubai, Jameel et al. (2024) also found a similar result.

The audit committee has been linked to accounting conservatism in empirical research. Alsheyab et al. (2024a) concluded that the overlap of the audit committee chair increases the weakness of the accounting conservatism when the weakness of financial performance. In contrast, the committee

as a whole enhances conservatism. Hamdan (2020) found that conservatism is positively influenced by the audit committee's experience, size, and independence. Nevertheless, the research indicated that the frequency of audit committee meetings did not influence conservatism. Mahmud and Alkabbji (2020) did not find any effect of the existence of the audit committee on accounting conservatism in Jordan.

While the audit committee, its chairperson, and accounting conservatism have been linked to several factors in the literature, and some studies have examined the committee's influence on accounting conservatism, the results remain ambiguous and require further exploration. There is a notable scarcity of empirical data on the effect of an audit committee chair's experience on accounting conservatism. This knowledge gap calls for empirical investigation, particularly in emerging economies with weak corporate governance frameworks, such as Jordan, where executive management wields considerable power (Alhadab et al., 2020). Moreover, the chairman of the audit committee is more important than the other members; he has a role in leading and directing the committee. Jordan's corporate governance legislation is currently insufficient to address the accounting experience requirements for audit committee chairs (Jordan Securities Commission, 2017).

Therefore, this study aims to examine the direct impact of an audit committee chair's accounting and supervisory experience on accounting conservatism.

Based on the above and the theoretical framework, two main hypotheses are put forward to achieve the study's objective. The two hypotheses are as follows:

- H1: *There is a significant positive relationship between the audit committee chair's accounting experience and accounting conservatism in Jordan.*
- H2: *There is a significant positive relationship between the audit committee chair's supervisory experience and accounting conservatism in Jordan.*

2. METHOD

This study employed a quantitative technique and examined 68 Jordanian service and industrial companies listed on the ASE from 2018 to 2022. The dataset comprises 340 observations. These enterprises were chosen from a cohort of 169 organizations documented in 2022, and the data were collected through questionnaires. Seven companies were omitted from the study because they had left the regular market during the study period or because of a lack of sufficient data for the analysis. Furthermore, the analysis omitted financial institutions because of their distinctive accounting methodologies, varied compulsory disclosure provisions, and various technology techniques (Al-Habashneh et al., 2025). Furthermore, financial organizations are required to adhere to certain laws set forth by the Central Bank and the Insurance Authority that are distinct from those applicable to non-financial entities (Al Fadli et al., 2022; Makhlouf, 2024). This study utilizes secondary data sourced from the annual reports of Jordanian companies and relies on the official websites of the Amman Stock Exchange and the Securities Depository Centre in Jordan to gather information from these companies' annual reports.

The period from 2018 to 2022 was selected because of the mandate established by the Securities Commission in mid-2017, which necessitated publicly traded corporations in Jordan to execute corporate governance measures (Alsheyab et al., 2024). All organizations were assigned a deadline of the conclusion of the first quarter of 2018 to adhere to these rules. Our research covers the years from 2018 to 2022, with 2022 being the most recent year for which firm data were accessible on authoritative sites during the data-collection phase. This period has direct implications from the COVID-19 pandemic issue on businesses globally, particularly in Jordan, making it an opportune opportunity to examine.

This work employs a well-established model from the conservative literature (Hrazdil et al., 2023; Ismail et al., 2021; Kamarudin et al., 2022) to quantify accounting conservatism, namely, the model introduced by Basu in 1997. This model highlights the disparity in earnings reaction to good against

negative stock returns, offering significant revelations into the schedule of recognizing losses. The notion of accounting conservatism is significant, particularly with Jordan's unique economic issues (Alsheyab et al., 2024). This paradigm offers significant insights into this crucial element (Basu, 1997). The existing model is based on three principal variables: the earnings variable (E/P), the returns variable (RET), and a dummy variable (RD), dependent on the value of the returns variable. The equation for this model is as follows:

$$\frac{E}{P} = \alpha + \beta_1 RET + \beta_2 RD + \beta_3 (RER \cdot RD) \varepsilon, \quad (1)$$

where E/P – Earnings per share (EPS)/Share price at the commencement of the financial year, RD – in instances where the stock return is favorable, the Dummy variable receives a value of 0, in instances where negative returns, a value of 1 is assigned to the Dummy variable. RET – (the closing price – Beginning price + Dividends)/Beginning price.

The accounting experience of the audit committee chair is represented by a binary variable that equals one if the chair of the audit committee has experience in financial roles, such as accounting, investment banking, financial analysis, or financial management positions; otherwise, it is set to zero. The supervisory experience of the audit committee chair is represented by a binary variable, which equals 1 if the audit committee chair has served as the CEO or president and 0 otherwise (Azizkhani et al., 2023).

To achieve more accurate results and follow extant literature (Al-Qudah et al., 2022; Hrazdil et al., 2023; Ismail et al., 2021), this research includes six control variables that are theorized to affect accounting conservatism. Agency theory suggests that corporate governance mechanisms are anticipated to minimize agency costs and enhance the quality of financial statements (Alshirah et al., 2021; Jameel et al., 2024), as evidenced by their accounting conservatism. Thus, this study employs two control variables to represent corporate governance: board size and audit committee size. The size of the board of directors is measured by the

number of board directors, and the size of the audit committee is measured by the number of committee members.

In addition, firm characteristics are expected to affect conservatism. For example, smaller companies may be more inclined to follow corporate governance guidelines to boost investor confidence and foster growth than their larger counterparts (Warrad & Khaddam, 2020). Agency theory posits that this could lead to reduced agency costs and, subsequently, improve accounting conservatism. Therefore, this study uses three variables to express the company’s characteristics: company size, expressed as the natural logarithm of assets; company age, expressed as the current company age minus the year of establishment; and profitability, expressed as the ratio of total equity to net profit. In addition, our research used a control variable to reflect the COVID-19 crisis, which was measured using a dummy variable that takes one in the year 2020-2021, as the crisis is expected to increase the agency problem and thus impact the reporting quality and accounting conservatism. Table 1 provides a comprehensive description of the variables used in this study.

el (Hrazdil et al., 2023; Isnawati et al., 2018; Kamarudin et al., 2022), in this study, a regression model was employed to fulfil this aim. The model assessed the direct impact of ACCA and ACCS on accounting conservatism, while taking into account several control variables such as the age and size of the firm, the COVID-19 pandemic, and other factors. The present study utilized FGLS regression analysis to evaluate the hypotheses, as this method effectively addresses the challenges of heteroscedasticity (Nguyen & Nguyen, 2024; Phuong Hong & Tra My, 2024). The primary research model is presented herein:

$$\begin{aligned} \frac{E}{P} = & \alpha + \beta_1 RET + \beta_2 RD + \beta_3 (RET \cdot RD) \\ & + \beta_4 ACCA + \beta_5 (ACCA \cdot RET) \\ & + \beta_6 (ACCA \cdot RD) + \beta_7 (ACCA \cdot RET \cdot RD) \quad (2) \\ & + \beta_8 ACCS + \beta_9 (ACCS \cdot RET) \\ & + \beta_{10} (ACCS \cdot RD) + \beta_{11} (ACCS \cdot RET \cdot RD) \\ & + \beta_{12} - B35 \left\{ \begin{array}{l} Controls + (Controls \cdot RET) \\ + (Controls \cdot RD) \\ + (Controls \cdot RET \cdot RD) \end{array} \right\} + \varepsilon, \end{aligned}$$

In accordance with the extant literature on accounting conservatism within the Basu mod-

where the variables are defined as follows: E / P – Earnings variable in the Basu model. RET –

Table 1. Variable measurements

Variables	Abbreviations	Measurements	Sources
Dependent Variable			
Accounting conservatism		Basu’s (1997) model of asymmetric earnings timeliness is represented by the B3 coefficient in the following equation: $E/P = \alpha + \beta_1 RET + \beta_2 RD + \beta_3 (RET \cdot RD) + \varepsilon$	Basu (1997); Hrazdil et al. (2023); Ismail et al. (2021)
Independent Variables			
Audit committee chair’s accounting experience	ACCA	The binary variable is assigned a value of one if the chair of the audit committee has previous experience in financial roles such as accounting, investment banking, financial analysis, or other financial management positions. If this condition is not met, the variable is set to zero	Azizkhani et al. (2023); Chaudhry et al. (2020)
Audit committee chair’s supervisory experience	ACCS	The binary variable is assigned a value of 1 if the chair of the audit committee has previously served as a chief executive officer or company president and 0 otherwise	Azizkhani et al. (2023); Choi et al. (2020)
Control Variables			
Firm Size	FIS	The natural log of total assets	Choo et al. (2024)
Firm age	FIA	The age of the company is determined by subtracting the year of its establishment from the current year	Muhammad et al. (2025)
Firm profitability	ROE	The ratio of total equity to net income	Stryckova (2023)
Board size	BSIZ	Aggregate number of individuals serving on the directorial board	Al Lawati & Hussainey (2021)
Audit committee size	ACSIZ	Number of directors on the audit committee	Jameel et al. (2024)
COVID-19 epidemic	COVID	A binary variable is assigned a value of 1 for the years 2020 and 2021, and 0 for all other years	Diab et al. (2024)

Returns variable in Basu's model. *RD* – Dummy variable for bad news in the Basu model. *ACCA* – Previous practical experience of the audit committee chairperson in accounting and finance. *ACCS* – Previous experience of the audit committee chair as a CEO or company president.

The influence of the audit committee chair's accounting experience on accounting conservatism is assessed through the Coefficient of $ACCA \times RET \times RD$. Similarly, the effect of the audit committee chair's supervisory experience on accounting conservatism practices is evaluated by the Coefficient of $ACCS \times RET \times RD$.

In addition, the Heckman two-stage method was used for robustness analysis to mitigate self-selection bias (Heckman, 1979). According to a study by Baatwah et al. (2019), multiple factors may influence the characteristics of the audit committee chair, including firm performance, its various attributes, and corporate governance. Accordingly, in the first step, we use some factors expected to affect the characteristics of the audit committee chair, specifically accounting experience, which are company size, board size, audit committee size, and return on equity, in addition to the fixed effects of year and industry, using probit analysis. The model for the first step is as follows:

$$\begin{aligned}
 ACCA = & \alpha + \beta_1 FIS + \beta_2 BSIZ \\
 & + \beta_3 ACSIZ + \beta_4 ROE \\
 & + \text{Industry fixed effect} \\
 & + \text{year fixed effect} + \varepsilon.
 \end{aligned}
 \tag{3}$$

3. RESULTS

Table 2 displays the descriptive statistics for the study variables. The average earnings per share compared to the initial price (*E/P*) was 0.019. In terms of the independent variables in the study model, the average stock returns for the Jordanian companies examined and the dummy variable *RD* in the Basu model were 0.29 and 0.468, respectively. While *ACCA* and *ACCS* were 0.25 and 0.315, respectively, this indicates that the majority of Jordanian firms examined in the study have audit committee chairpersons who lack accounting and supervisory experience. The mean values of the control variables *FSIZ*, *FIA*, *ROE*, *BSIZ*, *ACSIZ*,

and *COVID* were 17.522, 31.029, 0.03, 7.859, 3.15, and 4.00, respectively.

Table 2. Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
<i>E/P</i>	340	.019	.118	−.273	.195
<i>RET</i>	340	.029	.28	−.494	.717
<i>RD</i>	340	.468	.5	0	1
<i>ACCA</i>	340	.25	.434	0	1
<i>ACCS</i>	340	.315	.465	0	1
<i>FIS</i>	340	17.522	1.319	15.518	20.73
<i>FIA</i>	340	31.029	17.661	12	68
<i>ROE</i>	340	.03	.125	−.321	.397
<i>BSIZ</i>	340	7.859	2.468	3	15
<i>ACSIZ</i>	340	3.15	.358	3	4
<i>COVID</i>	340	.4	.491	0	1

The correlation analysis results are presented in Table 4. These findings indicate a positive association between the dependent variable (*E/P*) and the independent variables *RET* and *ACCA*; the results demonstrated statistical significance for the *RET* variable but did not exhibit statistical significance for the impact of *ACCA*. Whilst demonstrating an inverse relationship between correlations of *RD* and *ACCS* and the dependent variable (*E/P*), the analysis revealed that the correlations of the *RD* variable showed statistical significance, whilst the effect of *ACCS* did not demonstrate statistically significant results. Notably, all variables exhibit values below 0.8, indicating no significant concerns regarding multicollinearity. Furthermore, the study variables' variance inflation factors (*VIFs*) were examined. As illustrated in Table 3, all values are below 5, further corroborating that multicollinearity does not significantly influence the results of this study.

Table 3. Variance inflation factor

Variable	VIF	1/VIF
<i>RET</i>	2.367	.422
<i>RD</i>	2.284	.438
<i>BSIZ</i>	1.585	.631
<i>ACSIZ</i>	1.393	.718
<i>FIS</i>	1.365	.733
<i>ROE</i>	1.247	.802
<i>FIA</i>	1.226	.816
<i>COVID</i>	1.159	.863
<i>ACCS</i>	1.082	.924
<i>ACCA</i>	1.017	.984
Mean VIF	1.473	–

Note: See Table 1 for measurement variables and abbreviations.

Table 4. Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(01)	(11)
(1) <i>E/P</i>	1.000										
(2) <i>RET</i>	0.234***	1.000									
(3) <i>RD</i>	-0.228***	0.744***	1.000								
(4) <i>ACCA</i>	0.020	-0.014	0.003	1.000							
(5) <i>ACCS</i>	-0.015	-0.077	0.038	-0.055	1.000						
(6) <i>FIS</i>	0.226***	0.123**	-0.121**	-0.010	-0.089	1.000					
(7) <i>FIA</i>	0.111**	0.163***	-0.133**	-0.001	0.158***	0.278***	1.000				
(8) <i>ROE</i>	0.767***	0.261***	0.238***	0.005	-0.103*	0.290***	0.149***	1.000			
(9) <i>BSIZ</i>	0.127**	0.079	-0.061	-0.058	0.100*	0.441***	0.309***	0.206***	1.000		
(10) <i>ACSIZ</i>	0.114**	0.064	-0.064	-0.109**	0.035	0.309***	0.299***	0.165***	0.492***	1.000	
(11) <i>COVID</i>	-0.158**	0.278***	0.260***	-0.014	0.003	-0.013	0.021	-0.143***	-0.017	-0.040	1.000

Note: See Table 1 for measurement variables and abbreviations. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

This study employed the Modified Wald and Wooldridge tests to evaluate heteroscedasticity and autocorrelation, respectively. The Prob>chi2 of the adjusted Wald test was 00 0.0 for the study’s model. The Prob>chi2 result of the Wooldridge test for this study was 0.2936. These findings indicate that the study model does not exhibit an autocorrelation problem; however, it demonstrates heteroscedasticity. Table 5 presents the FGLS regression analysis results for the study model, which deals with heteroscedasticity.

Table 5. FGLS regression

Variables	Coefficient	<i>p</i> -value
<i>RET</i>	.336	.167
<i>RD</i>	.083	.466
<i>RET×RD</i>	-.308	.485
<i>ACCA</i>	.009	.1
<i>ACCA×RET</i>	-.063**	.022
<i>ACCA×RD</i>	.007	.499
<i>ACCA×RET×RD</i>	.147***	.006
<i>ACCS</i>	.02***	.001
<i>ACCS×RET</i>	.022	.471
<i>ACCS×RD</i>	.003	.804
<i>ACCS×RET×RD</i>	.105**	.043
<i>FIS</i>	.004	.242
<i>FIS×RET</i>	-.014	.204
<i>FIS×RD</i>	-.011*	.074
<i>FIS×RET×RD</i>	-.004	.879
<i>FIA</i>	.001***	0
<i>FIA×RET</i>	-.003***	.001
<i>FIA×RD</i>	0	.317
<i>FIA×RET×RD</i>	.004**	.036
<i>ROE</i>	.793***	0
<i>ROE×RET</i>	.196	.117
<i>ROE×RD</i>	-.025	.69
<i>ROE×RET×RD</i>	.292	.199
<i>BSIZ</i>	-.007***	.001

Variables	Coefficient	<i>p</i> -value
<i>BSIZ×RET</i>	.026***	.002
<i>BSIZ×RD</i>	.007**	.013
<i>BSIZ×RET×RD</i>	-.021*	.094
<i>ACSIZ</i>	-.003	.83
<i>ACSIZ×RET</i>	-.07	.212
<i>ACSIZ×RD</i>	.02	.348
<i>ACSIZRET×RD</i>	.122	.19
<i>COVID</i>	-.01**	.04
<i>COVID×RET</i>	.053*	.066
<i>COVID×RD</i>	-.003	.805
<i>COVID×RET×RD</i>	-.018	.772
Constant	-.027	.656
Number of obs	340	
Prob > chi2	0.000	
Wald chi2(35)	2833.80	

Note: See Table 1 for measurement variables and abbreviations. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

The findings in Table 5 indicate a significant positive influence of the interaction of the accounting experience of the chair variable with the interaction of the returns variable and the negative returns variable on the earnings E/P variable in the Basu model; the observed *p*-value was 0.006, while the reported coefficient was 0.147, indicating that the sensitivity of earnings to negative news compared to positive news increases, that is, conservatism increases, when there is an experienced audit committee chair in accounting. This means that the accounting experience of the audit committee chair positively impacts accounting conservatism. Founded on this finding, the first hypothesis, which states that there is a significant positive relationship between the audit committee chair’s accounting experience and accounting conservatism in Jordan, is accepted.

Moreover, the analysis results in Table 5 show a significant positive impact of the interaction of the supervisory experience of the chairperson variable with the interaction of the returns variable and the negative returns variable on the earnings E/P. in the Basu model; statistical analysis revealed a p-value of 0.043 and a coefficient of 0.105. This indicates that the sensitivity of earnings to negative news compared to positive news increases; that is, conservatism increases when there is an audit committee chairman with supervisory experience. This finding suggests that the presence of an audit committee chair with supervisory experience enhances adherence to conservatism in accounting. Thus, our second hypothesis, which states that there is a significant positive relationship between the audit committee chair's supervisory experience and accounting conservatism in Jordan, is accepted.

Regarding control variables, the research found that the age of a company positively influences accounting conservatism in Jordanian firms, whereas the size of the board of directors has a negative impact. The other control variables do not affect accounting conservatism in Jordan.

Despite its widespread use and robustness, the Basu model for measuring accounting conservatism has faced criticism because of potential biases in its results, which may fluctuate across different periods and industries. Following a study by Hrazdil et al. (2023) that addresses this limitation, this study incorporates the fixed effects of year and industry into the research models. Appendix A shows the results of the regression analysis of the model after adding the fixed effects of year and industry.

In addition, a study by Makhlof (2024) indicates that when panel data are utilized, issues related to endogeneity are minimal. However, this research investigates the potential for self-selection bias because additional factors may influence the relationship between an audit committee chair's experience and accounting conservatism. To address this issue, the investigation utilized the Heckman two-stage method to mitigate self-selection bias (Heckman, 1979).

The inverse Mills ratio was computed using the estimated parameters obtained from the probit re-

gression. The second step involves integrating the inverse Mills ratio (IMR) into the research model. After incorporating IMR, Appendix B displays the results.

The findings presented in Appendix B demonstrate that the primary outcomes of this study remain unchanged when the percentage of The Inverse Mills ratio is incorporated as an additional variable. The non-significant effect of IMR further strengthens our assurance that the results of our investigation were not affected by self-selection bias. Based on the above, the robustness test results confirm support for the first and second hypotheses.

4. DISCUSSION

The results indicate that the accounting audit committee chair's experience and supervisory experience positively affect accounting conservatism in Jordanian companies' financial reports. These results are consistent with the literature of Hamdan (2020) and Alodat et al. (2023), who emphasized the benefits of experience. However, this study is distinguished from previous studies in that it is the first, to the best of our knowledge, to examine the impact of both the accounting and supervisory experience of a committee chair on accounting conservatism.

However, these findings differ from those of Alsayani et al. (2023), Mahmud and Alkabbji (2020), and Azizkhani et al. (2023), who doubted the benefits of experience. This may be due to the difference in the factors studied and the study environment. The current study applies to non-financial companies listed on the Amman Stock Exchange during the period from 2018 to 2022 and focuses on the link between the experience of a committee chair and conservatism.

The results of this study are consistent with agency and human capital theories. They can be justified based on these theories, as the audit committee and its chair supervise the quality of financial reports and thus increase the application of accounting conservatism in Jordanian companies. Accounting and supervisory experience play a role in the quality of the work of the audit committee

chair in supervising financial reports and resisting the opportunistic behaviour of executive management, as they are directly related to the work of the audit committee.

The Jordanian regulatory environment reinforces the justification of the above findings. The corporate governance code for companies listed on the Amman Stock Exchange mandates the formation of an audit committee headed by one of its members. This committee is responsible for overseeing the accounting and auditing processes, thus enhancing the clarity and relevance of our study

findings (Jordan Securities Commission, 2017). However, the current regulatory framework does not explicitly require audit committee chairs to possess financial experience. This regulatory gap may explain why the effect of audit committee chair experience is particularly pronounced in Jordanian firms, as voluntary governance practices fill the void left by regulatory insufficiencies. Strengthening governance regulations by incorporating explicit qualification criteria for audit committee chairs could further enhance financial reporting quality and mitigate earnings management risks.

CONCLUSIONS

This study investigated the impact of audit committee chairs' experience on accounting conservatism in Jordanian listed companies, addressing a significant deficiency in corporate governance studies within developing economies. The findings indicate that firms exhibit greater conservatism in reporting when audit committee chairs possess both accounting and supervisory experience. This effect is not only statistically significant, but it also has practical significance.

Based on these results, a few points can be made. First, the positive relationship between chair experience and conservatism supports agency theory by demonstrating that experienced monitoring mitigates managerial opportunism and enhances the trustworthiness of financial reports. Second, the evidence supports human capital theory by showing that knowledge and experience lead to better monitoring. Lastly, the significance of both types of experience indicates that technical accounting experience and leadership or supervisory experience enhance governance mutually.

The study's theoretical contributions extend agency and human capital theories to the audit committee chair context, while empirically establishing the experience–conservatism link previously unexplored in emerging markets. Practically, these findings inform corporate governance policy design for developing economies, suggesting that regulatory frameworks should mandate specific experience requirements for audit committee leadership positions. Jordanian regulators and similar emerging market authorities should consider incorporating chair qualification standards into corporate governance codes to strengthen financial reporting quality.

Although the study offers valuable insights, it is not without limitations. The focus on non-financial firms in Jordan constrains the generalizability of results to other sectors, such as banking and insurance, which operate under distinct regulatory frameworks. Moreover, while the model controlled for several firm and governance characteristics, other relevant factors may have been omitted due to data availability. Methodologically, the study relied primarily on the Heckman two-stage approach to address endogeneity, leaving room for future research to apply alternative techniques such as two-stage least squares (2SLS) or to incorporate additional governance variables, including audit committee independence, and cultural influences.

Future research should also extend the analysis across diverse emerging economies to test cross-country validity and explore sector-specific applications. Investigating the interaction between audit committee chair experience and other governance mechanisms, such as board independence and audit quality, would provide deeper insights into the optimal configuration of governance practices.

AUTHOR CONTRIBUTIONS

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APPENDIX A

Table A1. Regression analysis (added year and industry)

Variables	Coefficient	p-value
<i>RET</i>	.4	.105
<i>RD</i>	.11	.353
<i>RET×RD</i>	-.508	.284
<i>ACCA</i>	.005	.431
<i>ACCA×RET</i>	-.054*	.079
<i>ACCA×RD</i>	.012	.34
<i>ACCA×RET×RD</i>	.161***	.008
<i>ACCS</i>	.018**	.011
<i>ACCS×RET</i>	.025	.464
<i>ACCS×RD</i>	.007	.564
<i>ACCS×RET×RD</i>	.129**	.029
<i>FIS</i>	.005	.147
<i>FIS×RET</i>	-.017	.157
<i>FIS×RD</i>	-.013***	.05
<i>FIS×RET×RD</i>	-.001	.961
<i>FIA</i>	.001***	0
<i>FIA×RET</i>	-.003***	.001
<i>FIA×RD</i>	-.001	.185
<i>FIA×RET×RD</i>	.004*	.057
<i>ROE</i>	.814***	0
<i>ROE×RET</i>	.117	.425
<i>ROE×RD</i>	-.066	.339
<i>ROE×RET×RD</i>	.339	.177
<i>BSIZ</i>	-.009***	0
<i>BSIZ×RET</i>	.03***	0
<i>BSIZ×RD</i>	.009***	.005
<i>BSIZ×RET×RD</i>	-.023*	.071
<i>ACSIZ</i>	.006	.621
<i>ACSIZ×RET</i>	-.081	.141
<i>ACSIZ×RD</i>	.017	.385
<i>ACSIZ×RET×RD</i>	.182	.049
<i>COVID</i>	-.02**	.012
<i>COVID×RET</i>	.019	.558
<i>COVID×RD</i>	.022	.12
<i>COVID×RET×RD</i>	-.075	.227
<i>Constant</i>	-.069	.274
Number of obs	340	
Prob > chi2	0.000	
Wald chi2(35)	2833.80	
Year	Yes	
Industry	Yes	

Note: See Table 1 for measurement variables. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

APPENDIX B

Table B1. Regression analysis with IMR

Variables	Coefficient	p-value
RET	.341	.161
RD	.085	.451
RET×RD	-.331	.46
ACCA	.008	.166
ACCA×RET	-.067**	.023
ACCA×RD	.004	.698
ACCA×RET×RD	.147***	.009
ACCS	.019***	.005
ACCS×RET	.027	.398
ACCS×RD	.002	.883
ACCS×RET×RD	.092*	.083
FIS	.003	.28
FIS×RET	-.017	.137
FIS×RD	-.012**	.057
FIS×RET×RD	0	.993
FIA	.001***	0
FIA×RET	-.002**	.01
FIA×RD	0	.354
FIA×RET×RD	.003	.11
ROE	.795***	0
ROE×RET	.159	.218
ROE×RD	-.054	.382
ROE×RET×RD	.312	.168
BSIZ	-.007***	.001
BSIZ×RET	.027***	.001
BSIZ×RD	.007**	.019
BSIZ×RET×RD	-.023**	.061
ACSIZ	.006	.69
ACSIZ×RET	-.061	.256
ACSIZ×RD	.024	.231
ACSIZ×RET×RD	.124	.177
COVID	-.011	.077
COVID×RET	.06*	.053
COVID×RD	-.001	.931
COVID×RET×RD	-.015	.812
IMR	-.033	.144
Constant	-.009	.885
Number of obs	340	
Prob > chi2	0.000	
Wald chi2(35)	2833.80	

Note: See Table 1 for measurement variables. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.