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Corporate Governance Mechanism and Narrowing Expectations Gap: Evidence of Jordan

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Abstract
This study aimed to examine the impact of applying corporate governance mechanism to narrowing expectations gap in auditing. This study was performed through distributing questionnaire, which was developed to provide the necessary data for the research questions.
The results of the study indicated that there is a relation between governance and expectation gap. Furthermore, the study recommended implementing the mechanics of governance to activate good practices of corporate governance, develop necessary sanctions for violating the auditor to professional standards, especially accounting standards, independence standard and professional competence standards.
Keywords: Corporate Governance, expectation Gap, auditor's responsibility, effective of internal control.

1. Introduction:

The auditor's profession has faced great challenges and loss of confidence by the financial community because of the increasing financial and economic crises in many countries of the world. This led many investors and shareholders, who suffered damage because of bankruptcy and the collapse of many companies and international banks, to question the reason of not providing warning signals by auditors regarding the economic status of those companies (Hamdan, 2008, p. 163). It can be said that these broad criticisms of the audit offices are an indication of the apparent disparity between what stakeholders expect from the quality of audited financial information and between what auditors actually do to fulfill their responsibilities, which led to what came to be called the expectations gap in auditing.
This gap is only to shake the confidence of investors and other parties who use financial statements in relation to the services provided by the auditing profession, which is reflected in their credibility in the financial statements that represent the main source of information for decision-making. Therefore, an increase in the interest in corporate governance have been noticed at the international and local levels. International organizations have been interested in developing corporate governance principles to serve as reference points for implementing these principles in practice. At the local level, Jordan has shown a remarkable interest in strengthening corporate governance. Many regulatory laws have been issued, the most important of which are the Companies Law No. 22 of 1997, the Securities Law No. 76 of 2002 and the Industrial and Commercial Law No. 18 of 1998 and other laws that are related to Jordanian corporate governance, both directly and indirectly (Abbabneh 2012, p. 3).

2. Statement of the Problem:

Several studies have indicated the existence of a gap between expectations of users of the auditor's report and the actual data presented in his report, which led to the loss of confidence in the financial information contained in such reports. Thus, the problem of this study is to attempt testing the effects of corporate governance mechanisms on narrowing the gap of expectation between the auditors and the users of the financial statements in the Jordanian auditing environment.

Questions of the study:
Question 1: Is there a relationship between corporate governance mechanisms and the degree of disclosure of the financial status of companies?
Question2: Is there a relationship between corporate governance mechanisms and the auditor's responsibility for the parties concerned?
Question3: Is there a relationship between corporate governance mechanisms and the auditor's assessment of the effectiveness of the internal control system in the company?
Question4: Is there a relationship between corporate governance mechanisms and the inclusion of financial statements on data resulting from fraud?

3. Objectives of the Study:

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This study aims to explore the opinions of auditors and investors on the impact of corporate governance mechanisms on narrowing the gap of expectations between the auditors and the users of the financial reports. This main objective has the following sub-objectives:

A. Defining expectations gap in auditing and its components.

B. Defining corporate governance mechanisms and their relation to the gap of expectations.

C. The role of the profession of accounting and auditing in trying to narrow that gap in light of the results of the field study, the theoretical framework of the study and rules governing the auditor's report contents.

4. Variables of the Study:

In order to achieve the objectives of the study and in the light of theoretical concepts and related studies, the search variables were derived as follows:

1- Dependent variable: the gap of expectation in auditing, and includes:

A- The auditor should not issue an unqualified opinion unless all elements of interest to the users of the financial statements are disclosed (disclosure).

B- The auditor should not issue an unqualified auditing report until ascertaining that his / her responsibilities are met for all parties that may rely on the auditing report to make their decisions (liabilities).

C- The auditor should not issue an unqualified auditing report unless he is able to effectively judge the internal control system of the enterprise (evaluating the effectiveness of its internal control systems).

D- The auditor should not issue an unqualified auditing report unless he has convincing evidence that the financial statements do not contain data generated by the management manipulation (management fraud).

E- The auditor should not issue an unqualified auditing report unless he has convincing evidence that the financial statements do not contain data resulting from employees' manipulation (employees' fraud).

2- Independent variable: Corporate governance mechanisms, including:

A) Corporate governance mechanisms related to the investor:

1: the strength of internal auditing of the enterprise.

2: The extent of compliance of the company's management in applying international and local accounting standards.

3: strength and independence of the auditing committee.

4: The extent of relying on developed information technologies by the company.

B) Corporate governance mechanisms related to auditors:

1: The periodic auditor mandatory rotation.

2: The degree of auditor's independence.

3: The extent auditor apply international and local auditing standards.

4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.

5. Hypotheses of the Study:

H0:1 There is no statistically significant difference at ($\alpha = 0.05$) between mechanisms corporate governance associated with the investor and between the expectations gap in the Jordanian auditing environment.

H0:2 There is no statistically significant difference at ($\alpha = 0.05$) between mechanisms corporate governance associated with the auditors and between the expectations gap in the Jordanian auditing environment.

6. *Theoretical framework and Literature review*:

1- Theoretical Framework:

First: defining expectations gap in auditing:

Although the use of the term "expectations gap in auditing" is widely used, there is no agreement on a specific and comprehensive definition of this term, since there are many definitions and interpretations associated with the concept. Liggio was the first to use this term in the 1970s and noted that expectations gap in auditing is the level of expected professional performance in terms of quality and performance standards of auditing as perceived by both auditors and users of financial statements. The difference between these two levels is represented in the expectations gap in auditing (Al-Sahabi, 2008, p. 11).

Expectations gap in auditing is defined by the Cohen Committee, formed by the American Institute of Certified Public Accountants (AICPA) in 1978, as the difference between what users expect or need of financial information and what the auditor can provide. Some users of the auditor's report may have a misunderstanding of the nature of the audit function, especially in regard of the unqualified auditor's report, which ensures that the integrity of the financial position of the company. Others believe that the auditor should not only prepare the audit report, but should also interpret the financial reports to the extent that the user can assess the possibility of investing in the company under audit. The committee also concluded that users expect auditors to become involved in the activities and operations of the company, to prepare reports on the management performance and to detect illegal operations and embezzlement. The committee concluded that the auditors did not meet the expectations of users in those aspects (Kwang, 2004).

Elements of the expectations gap:

a. Research gap: : it is the differences between the expectations of financial statements' users and between existing research in accounting and auditing, which is caused by the lack of research to know the needs of users and insufficient information derived from those research, or not using them properly.

b. Standards gap: Is the difference between the professional organizations' understanding of users' expectations and their own departments concerned with the issuance of standards and professional procedures. This gap arises when these departments do not translate those expectations into standards.

c. Performance gap: it is the difference between the requirements of auditing standards and guidelines and the actual application and the scientific interpretation of them by the auditor. The reason for such a gap is due to the weak the scientific and practical qualification of the auditor, the weak control over the quality of audit, the inadequate reward and punishment systems, or the difficulty of applying these standards.

d. Communication gap: Is the result of the difference between users of the financial statements realization of the quality and nature of the service actually provided by the auditor and their previous expectations of the service. This may be due to either weak communication between the auditor and the beneficiary or users' exaggeration in their understanding of the nature and limits of auditing.

In light of this division, we find its clear agreement with Porter's (1993), who referred to the components of the original gap as the standards gap, the performance gap, and the reasonableness gap, which he referred to as a research gap. However, the difference is that the Porter indicated the existence of a communication gap due to the lack the financial statements users' in understanding the nature of the service actually provided by the auditor (Barakat, 2000, p. 10).

Expectations gap associated with auditors: This gap is associated with audit-related matters, such as the gap of performance of references, which result from default or deficiency. This gap can be divided into two parts. The inadequacy of audit standards and the inadequacy of auditors' reference.
The gap of auditor's independence occurs when there is a lack of compliance by the auditor with the code of professional conduct, which consequently, generates uncertainty among the users of the financial reports regarding the independence of the auditor in one or all stages of the audit. This gap may be caused by competition between auditors, forcing them to face submission or compliments to others (Ghali 2001, p. 8). Accordingly, it is clear that corporate governance represents a control and a first line of defense for the company from the possibility of fraud and financial manipulation. It also magnifies the value of companies and helps to narrow the expectations gap for users of financial statements.

Second: the concept of corporate governance:

Corporate governance has been a constant reflection of perusing enhancements of corporate performance. As a result of its relevance with different areas, such as management, board of directors, shareholders and stakeholders, many different definitions of corporate governance emerged (Esaili 2005). Some have defined it as a set of contractual relationships between the management of companies, their shareholders and their stakeholders, through the creation of procedures and structures that are used to manage the company's affairs and to guide its business in order to ensure good performance, disclosure, transparency and accountability of the company and to maximize interest of shareholders and other parties in the long term. This term is concerned with the practices and manner in which the performance of companies is controlled, to address related problems, and the relationship between the parties governing the work of the company home and abroad. Corporate governance is a method that enables the society to ensure that companies are well managed in a way that protects the money of investors and lenders. It also creates safeguards against corruption and mismanagement, as well as developing the basic values of the market economy in society (Najjar, 2012, P 17).

Many definitions were used in light of the translation of the term corporate governance, such as good governance, wise management, management governance, or governance. In its statement of May 20, 2005, the Arabic Language Council decided to adopt the term "corporate governance". (2005, p. 66). Corporate governance is the means by which trust is established that the company's management is concerned with the interests of the parties concerned and that the governance is a set of mechanisms and principles that are used to bridge the expectations gap (2009, p. 12).

The International Finance Corporation (IFC) defines governance as the system through which companies are managed and controlled, and the Organization for Economic Co-operation and Development (OECD) defines it as a set of relationships among the company's management, board of directors, shareholders and other contributors (Al-Razak 2010. 76). It is also intended to establish the optimal system that ensures exploiting and controlling the resources of companies in order to achieve the objectives of the company and meet the standards of disclosure and transparency. The best methods of designing and executing regulations and adopting transparent system guarantees success to the company and protect it from corruption and exposure to financial crises, such as the collapse of banking entities and the local and international financial markets. This could be done through the establishment of a number of performance standards to strengthen the economic foundations in the markets and the detection of cases of manipulation, corruption and mismanagement. Thus, gaining the confidence of workers in these markets and to stabilize and reduce its volatility to achieve the desired progress and economic development (Moussa 2010. P. 17).

Governance is also defined as a set of laws, regulations and decisions aimed at achieving quality and excellence in performance by selecting the appropriate and effective methods to achieve the plans and objectives of the institutions. In other words, governance means the system; the existence of systems governing the relations between the main parties that affect performance, as well as the long-term strengthening of the institution and the identification of responsibility and liability (Coretal 2008, p. 3).

The researchers conclude that the concept of corporate governance is concerned with the creation and organization of proper applications and practices for the management of the company, in order to preserve the rights of stakeholders and others by investigating the implementation of contractual relations between them and using the financial and accounting tools in accordance to standard disclosure and transparency.

Third: Importance and justifications of governance:

The importance of corporate governance has grown significantly in recent years for its role in achieving development and enhance the economic well-being of nations. This was highlighted after the Asian financial crisis and the scandals that plagued major companies such as the Enron Energy Corporation and the subsequent series of manipulations of financial statements, which did not reflect their actual reality, and in collusion with the major international companies of auditing and accounting. Therefore, these events led the Organization for Economic Cooperation and Development OECD to issue a set of rules for corporate governance in 2004.

At the economic level, the importance of the sound rules of corporate governance was growing through the establishment of a number of performance standards, which strengthens the economic fundamentals in the markets by detecting cases of manipulation, financial and administrative corruption and mismanagement. Therefore, leading to gaining trust in stability of these markets, and thus achieving the desired economic progress (Abu Al-Atta 2006).

The Organization for Economic Cooperation and Development (OECD) considers governance as one of the factors that improve economic efficiency and enhance investor confidence. The existence of an effective governance system in any company helps to provide a degree of confidence in the need for the economy to work well, resulting in the reduction of the cost of capital and encouragement to use resources more efficiently and thus, promoting economic growth (OECD 2004).

2- *Literature Review*:

Several of the previous studies tackled the subject of this study as one of the modern topics that attracted researchers and academics clearly. Al-Hujair’s (2001) study showed that there is a relationship between the unreasonable expectations between investors and auditors, as well as the impact of the auditor's negligence in performing his professional duties on the expectations gap. In addition, there was an impact of the level of disclosure of financial statements and facts by the auditor on the expectations gap. Al-Omari (2003) recommended that the role of the Association of Chartered Accountants should be activated in monitoring audit offices and addressing one of the most prominent issues focused on the expectations gap.

Mahfouz' (2009) study showed a positive correlation and a statistically significant evidence between applying the rules of corporate governance and corporate values in Amman Stock Exchange. The results showed also that 50% of the change in the value of the company in the stock market is due to the rules of the institutional governance applied by the company (with the stability of other factors). The study of Shihadat and Abdul Jalil (2012) pointed to the recognition of institutional investors in Jordan that there is importance to the principles of institutional governance in determining the value of corporate and its continuity.

Matar and Nu'imat (2014) recommended the strengthening of the governance systems in these companies, including the emphasis on the empowering boards of directors with independent members, the activation of the supervisory role of both companies and the Securities Commission in monitoring troubled companies, and then to refer such companies to judiciary to receive the penalty of negligence and default.

Al-Manaseer et al. (2012) found a positive relationship between the number of members of the board of directors and foreign ownership on the one hand and the performance of Jordanian banks on the other hand. The study found a negative relationship between the size of the board and the separation between the role of the executive manager and chairman of board from one side and between Jordanian banks performance on the other. Al-Haddad et al. (2011) indicated that there is a direct correlation between the liquidity and profit measures per share and between corporate governance. The study also found a direct positive relationship between liquidity and profit measures per share and between governance and financial performance.

Evaluation of previous studies on corporate governance and the expectations gap in Jordan.

It is noted from previous studies that some of the studies were only giving theoretical recommendations. They also dealt with some of the mechanisms of corporate governance without dealing with other mechanisms. These studied did not address the effects of mechanisms of corporate governance on the audit expectations gap and ability of the auditor to discover the weaknesses of the internal control, the core errors in the financial statements and the core fraud of management and employees. Moreover, these studies did not focus on the ability of auditor to resist the pressure of the client's management and the completion of the audit process effectively. In addition to the above, there is rare scarce scientific studies in this field.

Therefore, this study will be a field investigation to identify the views of auditors and investors in Jordan and the extent to which the corporate governance mechanisms influence the expectations gap in the Jordanian auditing environment.

7. *Methodology of the Study*:

1. Study instrument

In order to answer the questions of the study, and in order to assess the impact of corporate governance mechanisms on the expectations gap between the auditors, a questionnaire was designed to identify the opinions of both auditors and investors. The previous studies, which dealt with the variables of the study, were followed in designing the questionnaire's paragraphs.

2. Population and sample of the study

The main objective is to examine the auditors' opinions as providers of auditing services, responsible for approving the financial statements and preparing the audit report, as well as the opinions of investors as the primary users of the financial statements and the beneficiaries of the audit report. To this end, the research population includes two categories: auditors and investors (analysts and financial intermediaries).

Table (1): The following table shows the number of questionnaires distributed, valid for analysis and percentage.

Category	No. of distributed questionnaires	No. of valid questionnaires	percentage
Auditors	50	35	70%
Investors	50	25	50%
Total	100	60	60%

It is noted from Table (1) that the percentage of valid questionnaires was 70% for auditors' category and 50% for investors' category. The percentage of respondents for both categories (60%). The researchers believed that it is appropriate and sufficient to analyze data in this type of study.

8. Results of field study

The results of descriptive statistical analysis of the data obtained from the questionnaires showed that:

1. The degree of disclosure in the auditor's report on all elements of interest to the users of the financial statements:

Table (2): Results of statistical analysis of the responses of auditors and investors on the degree of disclosure.

Mechanisms of Corporate Governance	**Auditors**		**Investors**	
	Mean	**St. deviation**	**Mean**	**St. deviation**
Corporate governance mechanisms related to the investor: 1: The strength of internal auditing of the enterprise. 2: The extent of compliance of the company's management in applying international and local accounting standards. 3: Strength and independence of the auditing committee. 4: The extent of relying on developed information technologies by the company.	**2.2** **4.1** **3.7** **2.6**	**1.82** **.89** **90** **. 1.18**	**2.28** **3.52** **4.10** **2.90**	**1.80** **.89** **.95** **1.02**
Total	**3.15**	**1.19**	**3.2**	**1.16**
Corporate governance mechanisms related to auditors: 1: The periodic auditor mandatory rotation. 2: The degree of auditor's independence. 3: The extent auditor apply international and local auditing standards. 4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	**3.91** **4.22** **3.84** **2.48**	**.87** **.76** **.81** **1.25**	**3.55** **4.05** **3.50** **2.00**	**.97** **.95** **.94** **1.75**
Total	**3.61**	**.93**	**3.27**	1.15

Table (2) shows the agreement among auditors and investors that corporate governance mechanisms associated with the investor and associated with the auditors affect the degree of disclosure in the auditor's report on all the elements of interest to the users of the financial statements, even there is a relative importance of each component. The table also shows a consensus between auditors and investors' opinions regarding the extent of the compliance of the company's management in applying international and national accounting standards and the strength and independence of the audit committee and the degree of independence of the auditor. On the other hand, the auditors and investors agreed that the extent of the evaluation of the auditor accounts for professional consulting services of the audited entity might have a negative impact on the degree of disclosure in the auditor's report.

2. The auditor's liability toward all parties that may rely on the audit report to make their decisions:

Table (3): Results of statistical analysis of the responses of auditors and investors on the relationship between the mechanisms of corporate governance and the responsibilities of the auditor.

Mechanisms of Corporate Governance	**Auditors**		**Investors**	
	Mean	**St. deviation**	**Mean**	**St. deviation**
Corporate governance mechanisms related to the investor: 1: The strength of internal auditing of the enterprise. 2: The extent of compliance of the company's management in applying international and local accounting standards. 3: Strength and independence of the auditing committee. 4: The extent of relying on developed information technologies by the company.	**2.10** **3.70** **2.30** **2.70**	**1.45** **.98** **1.10** **1.15**	**1.75** **3.00** **2.45** **2.00**	**1.83** **.90** **1.15** **1.37**
Total	**2.70**	**1.12**	**3.2**	**1.31**
Corporate governance mechanisms related to auditors: 1: The periodic auditor mandatory rotation. 2: The degree of auditor's independence. 3: The extent auditor apply international and local auditing standards. 4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	**2.45** **3.25** **4.10** **1.70**	**1.10** **.85** **.70** **1.80**	**3.00** **3.40** **3.80** **2.10**	**.90** **.80** **.88** **1.30**
Total	**2.80**	**1.11**	**3.07**	**.97**

Table (3) shows the agreement of the auditors and investors regarding the lack of impact of the corporate governance mechanisms associated with the investor to bear the auditor's responsibility towards all users of the audit report. As for the corporate governance mechanisms associated with the auditors, the opinions of the auditors and the investors differed as to the extent of their impact on the auditors' responsibility towards all the users of the audit report, where the auditors believe that they have no impact and investors believe that these mechanisms have some effect on this.

3. The auditor shall verification of the effectiveness of the internal control system of the company.

Table (4) summarizes the results of the statistical analysis of the responses of auditors and investors to the questionnaire on the impact of corporate governance mechanisms on the auditor's assurance of the effectiveness of the internal control system of the establishment when issuing an unqualified report.

Mechanisms of Corporate Governance	Auditors		Investors	
	Mean	St. deviation	Mean	St. deviation
Corporate governance mechanisms related to the investor: 1: The strength of internal auditing of the enterprise. 2: The extent of compliance of the company's management in applying international and local accounting standards. 3: Strength and independence of the auditing committee. 4: The extent of relying on developed information technologies by the company.	**3.75** **4.00** **3.00** **2.85**	**.95** **.85** **1.10** **1.20**	**3.00** **3.60** **3.50** **2.10**	**1.15** **.89** **.95** **1.30**
Total	**3.40**	**1.19**	**3.05**	**1.07**
Corporate governance mechanisms related to auditors: 1: The periodic auditor mandatory rotation. 2: The degree of auditor's independence. 3: The extent auditor apply international and local auditing standards. 4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	**2.40** **3.90** **4.00** **2.10**	**1.25** **.92** **.85.** **1.30**	**2.10** **3.80** **4.00** **1.90**	**1.30** **.90** **.80** **1.55**
Total	**3.10**	**1.08**	**2.95**	**1.13**

Table (4) shows the agreement of auditors and investors that the corporate governance mechanisms associated with the investor affect to a certain extent the auditors verification the effectiveness of the internal control system of the company before issuing an unqualified report. The opinions of auditors and investors differ regarding the impact of corporate governance mechanisms related to the editor regarding the auditor's verification of the effectiveness of the internal control system before issuing an unqualified report.

4. Ensuring that the financial statements contain data resulting from manipulation.

Table (5) summarizes the results of the statistical analysis of the responses of auditors and investors to questions based on the questionnaire related to the extent of the impact of corporate governance on the lack of data resulting from management manipulation in the financial statements.

Mechanisms of Corporate Governance	Auditors		Investors	
	Mean	St. deviation	Mean	St. deviation
Corporate governance mechanisms related to the investor: 1: The strength of internal auditing of the enterprise. 2: The extent of compliance of the company's management in applying international and local accounting standards. 3: Strength and independence of the auditing committee. 4: The extent of relying on developed information technologies by the company.	**4.10** **4.20** **3.80** **2.90**	**.85** **.75** **.80** **1.00**	**3.75** **4.00** **4.00** **3.55**	**.95** **.75** **.75** **.95**
Total	**3.75**	**.85**	**3.82**	**.85**
Corporate governance mechanisms related to auditors: 1: The periodic auditor mandatory rotation. 2: The degree of auditor's independence. 3: The extent auditor apply international and local auditing standards. 4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	**3.55** **4.00** **4.15** **2.00**	**.90** **.80** **.80** **1.50**	**3.10** **3.70** **4.00** **2.50**	**1.10** **.85** **.80** **1.15**
Total	**3.42**	**1.00**	**3.32**	**.97**

Table 5 shows the agreement of auditors and investors that there is an impact of the corporate governance mechanisms associated with the investor, which are related to the auditors, that the financial statements do not contain data resulting from manipulation by the management of the company. The auditor's average (3.75) was close to the influence of corporate governance mechanisms and the investor's average (3.82) was close to the impact of corporate governance mechanisms associated with auditors. Indicating the agreement of auditors and investors to the extent to which the impact of corporate governance mechanisms on the absence of misleading data resulting from the manipulation of the management of the company in the financial statements.

5. Ensuring that the financial statements do not contain misleading data resulting from the manipulation of employees.

Table (6) shows the results of the statistical analysis of the responses of auditors and investors on the extent to which the mechanisms of corporate governance may affect the financial statements not containing misleading data resulting from employee fraud or embezzlement.

Mechanisms of Corporate Governance	Auditors		Investors	
	Mean	St. deviation	Mean	St. deviation
Corporate governance mechanisms related to the investor:				
1: The strength of internal auditing of the enterprise.	4.00	.80	3.80	.90
2: The extent of compliance of the company's management in applying international and local accounting standards.	3.70	.85	3.70	.82
3: Strength and independence of the auditing committee.	3.10	.90	3.10	.90
4: The extent of relying on developed information technologies by the company.	3.50	.95	3.40	.92
Total	3.57	.87	3.50	.85
Corporate governance mechanisms related to auditors:				
1: The periodic auditor mandatory rotation.	3.70	.90	3.50	.90
2: The degree of auditor's independence.	3.55	.85	3.60	.89
3: The extent auditor apply international and local auditing standards.	3.85	.85	3.70	.97
4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	3.00	.90	2.00	1.25
Total	3.55	.87	3.20	.97

Table (6) shows the agreement of the auditors and investors on the impact of the corporate governance mechanisms related to the investor and the auditors associated with the absence of misleading data resulting from cheating or embezzlement of employees of the company in the financial statement.

The results of the descriptive statistics of the responses of the sample of the study regarding the compliance with the rules of corporate governance, Table (7)

Mechanisms of Corporate Governance	Auditors		Investors	
	Mean	St. deviation	Mean	St. deviation
Corporate governance mechanisms related to the investor:				
1: The strength of internal auditing of the enterprise.	4.01	0.78	4.2	0.64
2: The extent of compliance of the company's management in applying international and local accounting standards.	3.9	0.425	4.3	0.88
3: Strength and independence of the auditing committee.	4.01	0.641	3.78	0.411
4: The extent of relying on developed information technologies by the company.	3.87	0.526	3.77	0.73
Corporate governance mechanisms related to auditors:				
1: The periodic auditor mandatory rotation.	4.1	0.77	4.3	0.46
2: The degree of auditor's independence.	4.33	0.84	4.6	0.55
3: The extent auditor apply international and local auditing standards.	4.6	0.44	3.97	0.37
4: The extent to which the auditor evaluates the professional consultancy services to the company being audited.	3.78	0.91	3.60	0.87

It is clear from Table (7) that there is an agreement between the auditors and investors' opinions that there is a high degree of commitment to applying the corporate governance mechanisms related to the investor. The mean average of the responses of the auditors and investors have been high, as well as to their answers regarding the extent of the application of governance mechanisms.

Testing the hypotheses of the study:

	Table (8) The results of Pearson correlation						
	disclosure	Responsibility toward interested parties	Control effectiveness	M. Fraud	Em. Fraud	Governance mechanism/ investor	Governance mechanism / auditor
Disclosure	1						
Responsibility toward interested parties	0.625 0.000	1					
Control effectiveness	0.423** 0.000	0.048 0.421	1				
Management Fraud	0.214 0.189	0.357** 0.090	0.25 0.544	1			
Employee Fraud	0.467 0.080	0.566** 0.000	0.354* 0.021	0.411** 0.001	1		
Governance mechanism / investor	0.623** 0.000	0.45 0.002	0.844** 0.000	0.254 0.042	0.277** 0.000	1	
Governance mechanism / auditor	0.724 0.000	.501 0.000	0.644 0.042	0.618 0.001	0.741 0.000	0.514 0.040	1
	****. Correlation is significant at the 0.01 level (2-tailed).** ***. Correlation is significant at the 0.05 level (2-tailed).**						

The results of Pearson correlations showed a positive relationship between the investor-related governance mechanisms and the expectations gap. The correlation between governance mechanisms and internal control effectiveness was strongest, with correlation coefficient (.844), which is statistically significant at 1%. This is contributed to increase in internal control, especially after Sarbanes Oxley law focused on the importance of internal control and the need for periodic evaluation of its effectiveness. There was correlative relationship between the governance mechanisms associated with the investor and disclosure, the responsibilities of the auditor towards stakeholders, management fraud and employees' fraud.

The Pearson results show a correlative relationship between governance mechanisms associated with auditors and expectations gap, where it has the highest correlative score (.741), and related to the relationship between governance mechanisms related to auditors and employees fraud, which is a sign of increased auditors' interest in cases where they are expected to involved fraud from employees.

8.Conclusion

1- The auditors and investors agreed that there is a close correlation between the corporate governance mechanisms associated with the investor and the expectations gap in the audit.

2- The least expected gap variables in the audit to be influenced by the corporate governance mechanisms associated with the investor are the absence of misleading data resulting from management manipulation in financial statements, and the internal control was the highest.

3- The auditors and investors agreed that there is a close correlation between the corporate governance mechanisms associated with the auditors and the expectations gap in the audit.

4- The most significant influenced changes in the expectations gap in the audit by the corporate governance mechanisms associated with the auditors is the absence of misleading data resulting from employee fraud in the financial statement. The least of which is the auditor's responsibility towards all users of the financial statements.

5- The implementation of corporate governance mechanisms provides an important reassurance to investors and decision makers based on financial reports prepared and reviewed in accordance with corporate governance mechanisms.

9. Recommendations and Suggestions for future research

1- Good corporate governance practices should be applied in line with international standards and regulations, such as requiring companies to submit quarterly, transparent and quality financial reports governed by accepted accounting and auditing standards.

2- The researchers propose forming a task force to develop a number of legislation related to corporate governance, such as the Companies Law, the Securities Law, the Regulation of Accounting and Auditing Act, the Trade Law and the Chambers of Industry and Commerce Law.

3- Professional organizations must work to strengthen the auditors' independence by clearly defining the auditors' functions and the extent of their responsibility for examining the internal control systems.

4- The auditor's duties should be defined based on a clear understanding of the nature and objectives of the audit function in the community, by increasing the awareness and culture of public opinion about the auditing function and its objectives.

5- Putting the necessary penalties on the violation of the management of the decisions of the General Assembly of shareholders, as well as the violation of the article of association of the company and the failure to implement the recommendations of the Audit Committee.

6- Taking penalties also for violating the auditor's standards of professionalism and, in particular, the required standards of accounting, the standard of independence, the standard of professional care.

7- To promote the culture of corporate governance within the company and to disclose the extent of its practice.

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