

# The Impact of Audit in Activating the Principles of Sustainable Development Study of Industrial Companies in Jordan Case Study Petra Company

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## Abstract

The study aimed to demonstrate the impact of audit in activating the principles of sustainable development ,to achieve the objectives of the study a questionnaire was developed and distributed to a sample of study, the researcher has used a set of statistical tools such as descriptive statistics and t-test in order to test the hypotheses of the study. The study found a set of results such as there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable gender, job title and scientific qualification.The study recommended the need to adhere to corporate social responsibility towards the development of the Jordanian society, the need to re-waste recycling companies, the need to retain the auditor with all the original documents used in the audit process Need to be an audit by people who have experience in the audit, the need to train employees on the safe use of the machines, must be continuously informed checker developments, regulations and legal requirements for the auditing profession.

## Introduction

Audit is one of the important tools that help to adjust the different types of business enterprises and help those who made it to take the right decisions to ensure the continuation of these facilities and their contribution in strengthening and consolidating the national economy

The basic function of audit is to give confidence to the information contained in the financial statements, and this information helps decision-makers in evaluating various alternatives and the expected return and the costs and risks which increases the effectiveness of individuals , projects, markets and governments in the allocation of rare resources due to the availability of reliable information to reflect the capacity and performance of the business projects , it has become commonplace in a number of countries that the auditor's implementation of specific tasks or issuing special reports, and according to the law or at the request of the regulator to help the regulator to function.( Institute of chartered Accountants of India,1983,p5)

The audit process is defined as regular and independent examination of the data and statements, records, financial transactions and non-financial to any entity that auditor is collecting evidence and clues, evaluate and express his professional opinion through the report.( el-Fayoumi ,et al.,2006,p25)

There is no doubt that the auditing profession is topping the list of services issued by the World Trade Organization and this because it is a reflection of the reality of the financial performance and economic and which are also the lifeblood of economic establishments and services, specifically the auditing profession is great importance as a responsibility to check and review to decide opinions clearly and without any ambiguity validity and fairness of the financial statements published as a true reflection of the position or the financial position of the facility in accordance with the law, and in this communication to the users of these financial statements internally and externally to make the right decisions, they are property rights holders and holders of risk, investors and the interests of various state for the purposes of taxation and economic development plan for the state and other (AAA,2005).

The successful audits help in the success of the companies and the creation of sustainable development, so this study has come to clarify the role and impact of the audit on the sustainable development of industrial companies in Jordan(Kasim,2007,p34).

## Problem of the study

The problem of the study is to clarify the effect of audit in the activation of the principles of sustainable development in industrial companies, because the audit is one of the important tools of the companies to achieve the desired development and profitability Hence the problem of this study seems clear through answering the following questions:

- 1- What is the effect audit in activating the principles of sustainable development in industrial companies in Jordan?
- 2- What is the effect of variables (gender, qualification, career center, years of experience, the monthly salary) on the point of view of workers in industrial companies towards the subject of the impact of the audit in the activation of the principles of sustainable development to achieve sustainable development of industrial companies in Jordan?

### **Importance of the study**

The importance of this study is cleared through the importance of audit process for companies by making responsible feel that their performance is subject to evaluation, and thus will be implementing those trying to raise the level of their performance and avoid slipping into any mistake or failure before it happens. This study is also important because it is one of the few studies that link between auditing and sustainable development so it would be where a lot of interests for many of the categories that will be targeted by the study. And for those working in audit firms, management and stakeholders.

### **Objectives of the study**

This study aims to shed light on:

- The impact of audit in activating the principles of sustainable development of the industrial companies in Jordan.
- Study the impact of variables (sex, qualification, career center, years of experience, monthly salary) on the point of view of workers in industrial companies towards the subject of the impact and the role of the audit on the sustainable development of industrial companies in Jordan.

### **Hypotheses of the study**

- 1- There is no effect for audit in activating the principles of sustainable development of industrial companies in Jordan due to the variable sex.
- 2- There is no effect for audit in activating the principles of sustainable development of industrial companies in Jordan due to the variable years of experience.
- 3- There is no effect for audit in activating the principles of sustainable development of industrial companies in Jordan due to the variable job position.
- 4- There is no effect for audit in activating the principles of sustainable development of industrial companies in Jordan due to the variable educational qualification.
- 5- There is no effect audit in activating the principles of sustainable development of industrial companies in Jordan due to the variable monthly salary.

### **The study methodology**

#### **Data collection method**

**1-secondary sources:** information will be obtained from the secondary books and references on the subject of the study and statistical data and bulletin competent on the subject of the impact and the role of the audit on the sustainable development of industrial companies in Jordan.

**2-primary sources:** through the questionnaire that will be distributed to the owners of the relationship of workers in industrial companies.

#### **Society and the study sample**

The study population consists of workers in the industrial companies in Jordan and will be collecting data on the subject using a simple random sample to be taken from industrial companies.

#### **Measurement Tool**

Data and information will be obtained through the analysis of the questionnaire, which will be prepared specifically for this study by using SPSS.

#### **Statistical methods used**

- A. Collection of information through the questionnaire that will be distributed to industrial companies.
- B. Descriptive statistical tools through the averages and standard deviations
- C. Using statistical analysis tools ANOVA One Way to test hypotheses.
- D. Independent T-Test.

#### **Definitions of the study**

**Sustainable development:** is the ideal effective use of all sources of environmental, social life and the economy of the distant future, with a focus on the lives of the best high-value for each member of the community in the present and the future (al-hawary,2000,p3).

**Audit :** Regular process for obtaining clues related to elements function on economic events, and evaluated in an objective manner for the purpose of ascertaining the degree to keep pace with these elements of objective criteria and then connect the results to interested parties (Matarneh,2004,p13).

#### **The concept of sustainable development**

We can talk about this concept through two theories:

First: the vast difference between the north and the south, where the poverty experienced by about 4.3 of the 6.5 billion people shows limited developmental, Most viewed continue to make discussions about human development, which could lead to pull countries, entities and individuals from socio-economic differences and cultural, and the acquisition of rights and democratic values.

The objectives of sustainable development:

Sustainable development on involving a set of objectives are: (Harfouch et al, 2008, p: 101)

- To achieve the best quality of the population economically, socially, psychologically and spiritually.

- Respect the natural environment.
- enhance people's awareness of the problems of existing and the development of their sense of responsibility towards them and encourage them to participate in finding appropriate solutions.
- Achieve exploitation and rational use of resources and prevent the depletion and destruction.
- Linking modern technology to the objectives of the community and educate people of the importance of this technology in the development field and how to use them to improve the quality of human life and achieve their goals without being at the expense of environmental.
- Make constant changes and appropriate in the needs and priorities of the community in a manner matching capabilities and allow the achievement of balance.

Indicators of sustainable development:

The sustainable development indicators are as follows: (Kasim, 2007, p: 34)

- Development process and not a state, and therefore a continuing and escalating an expression of renewed and increasing needs of the community.
  - Community development process, which should contribute to all groups and sectors and may not be reliance on a small group or a single supplier.
  - Development conscious process and this means that it is not a random process but the process of specific targets with long-term strategy, and interim goals, plans and programs.
    - Development process-oriented development under the will, is aware of the goals of community and is committed to achieving and possessing the ability to achieve efficient use of community resources, production and distribution under civilized method preserves the energies of society.
    - create structural shifts, and this represents one of the features that characterize the overall development process and the process of economic growth and these transitions necessarily shifts in the political and social framework, as is the ability, technical and construction material production base.

#### Field study

**This chapter includes a presentation of the methodology , the community , the study sample and its tool , indications of validity and reliability used in this study, the study variables and procedures and statistical treatments as follows: -**

**Study Methodology:** The researcher used the descriptive analytical approach , and this method is suitable for the purposes of the study.

**The study population:** The study population consisted of workers in Petra company.

**The study sample:**

The current study sample consisted of 40 individual and table (1) showing the distribution of the sample according to the variables.

#### Characteristics of study sample:

table (1) showed that the majority of the sample have bachelor by percentage (60 %), also most of them male with ( 73%) , the experience of study sample is very good , ( 60%) of sample experience more than (5) years, It is noted that the salaries of the study sample is relatively low as most of them (87%) less than 750 JD

Table ( 1) sample distribution according to Demographic characteristics

		No.	Percentage
Sex	Male	29	73%
	Female	11	27%
Education level	Secondary school	-	0%
	diploma	14	35%
	Bachelor	24	60%
	High studies	2	5%
Monthly Salary	Less than 500JD	7	17%
	Between 500-750	28	70%
	More than 750 JD	5	13%
Experiences	Less than 5 year	16	40%
	5-10	16	40%
	More than 10	8	20%
Job Position	Finance	28	70%
	Auditor	8	20%
	Manager	4	10%

### Study results

This study aimed to identify the impact of the audit in the activation of the principles of sustainable development, also aimed to identify the role of the variables of the study and to achieve the goal of the study .A questionnaire was developed to make sure of the sincerity, the coefficient of persistence. After collecting, the questionnaires were coded and the introduction of a computer and processed statistically using Statistical Package for Social Sciences (SPSS) and the results of the study are as follows depending on the sequence of her questions and hypotheses :

#### What is the effect of audit on the sustainable development in industrial companies in Jordan?

To answer this question the study was extracted means and standard deviations and percentages to study passages and arranged in descending order according to the arithmetic average, and the researcher adopted the following levels of approval: -

(100% - 80%) is very large.

(79.9% - 60%) large.

(59.9% - 40%) medium.

(39.9% - 20%) Low.

(Less than 20%), very few.

And Table( 2) below showed these results: -

Table (2) :The following table presents, means ,standard deviations and percentages for paragraphs resolution in descending order according to the mean

No.	Field paragraph	means	Std.	PERC.	Degree
1	Auditor must have special skills and competencies	4.52	1.28	90.00	Very large
2	Auditor bear responsibility for the audit report alone	4.52	1.28	90.00	Very large
3	We must plan before start the audit process	4.52	1.28	90.00	Very large
4	Auditor must have prior knowledge of the nature of the company and all its activities	4.42	0.59	89.00	Very large
5	Audit process is done by people who have experience in auditing	4.30	0.92	86.00	Very large
6	The Auditor must be informed of ongoing developments, regulations and legal requirements for the audit profession	4.30	0.47	86.00	Very large
7	The Auditor work in the company features confidential	4.20	0.70	84.00	Very large
8	The auditor has full independence in the company, which he auditing .	4.20	0.70	84.00	Very large
9	The auditor make sure to match the data received from the Board of Directors with what is really exist in the company	4.05	1.00	81.00	Very large
10	The auditor oversees on his aides carefully	3.55	1.19	71.00	Large
11	the auditor Investigate neutrality at work	3.55	1.19	71.00	Large
12	the auditor retains all the original documents used in the audit process	3.45	0.83	69.00	Large
13	A comprehensive program placed explains the nature, scope , timing and procedures of audit.	3.45	0.83	69.00	Large
14	the auditor deal confidentially with all members of the accounting system in the company.	3.35	1.14	67.00	Large
15	the auditor checks the accounting system and the accounting policies used in the company	3.35	1.14	67.00	Large
16	the auditor make sure that the internal audit in the company has been planned and supervised carefully	2.75	1.33	55.00	average
17	The auditor receive confirmation that the work submitted to him by other auditors is adequate for the purpose of audit.	2.75	1.33	55.00	average
18	Auditors are trained on all that is new in the field of audit	2.75	1.33	55.00	average
Total degree		3.70	1.12	74.00	high

It is clear from the above table that the response rate to the audit amounted to (74%), and it is high

percentage.

Table (3) represents means and standard deviations and percentages for paragraphs of the sustainable development in descending order according to the means

No.	Field paragraph	means	Std.	Perc.	Degree
19	The company uses raw materials that can be recycled	3.55	1.19	71.00	High
20	The company is keen to participate in seminars related to development	3.55	1.19	71.00	High
21	The company trains its workers on the safe use of the machines in order not to produce harmful materials to the environment	3.45	0.83	69.00	High
22	The company is committed to social responsibility towards the development of the society in which it operates	3.45	0.83	69.00	
23	The company makes social studies in order to protect the environment	3.35	1.14	67.00	High
24	The company recycles its waste	3.35	1.14	67.00	
Total degree		3.45	1.001		High

**First hypothesis**

There is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable gender.

Table (4) t-test for the variable gender In terms of the impact of the audit in the activation of the principles of sustainable development study of industrial companies in Jordan

sex	means	std	Degree of freedom	T	significance level
male	3.5214	.2682	38	0.442	0.604
female	3.42315	.1155			

Table (4) showed that the significance level equal to 0.604 and this value is greater than the value specified in the premise or 0.05, so we accept the hypothesis and say that "there is no trace audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable sex "and can be seen from the table that also mean the male category equals signs (3.5214) and female category (3.4215) indicates that the two values males tend to approve larger trend questions the study of the female category.

**Second hypothesis: there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable scientific qualification**

Table No. (5) variance ANOVA test to study the effect of variable qualification in terms of the impact of the audit in the activation of the principles of sustainable development study of industrial companies in Jordan

	Sum of squares	Degrees of freedom	The average deviation	F	significance level
Squares between groups	0.0326	2	0.0163	0.236	0.037
Interior squares	1.174	37	0.0690		
Total	1.206	39			

Table (5) showed that the significance level= 0.037 and this value is smaller than the value specified in the hypothesis, or 0.05, so we reject the hypothesis there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable scientific qualification. "

**Third hypothesis: there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable job title.**

Table No. (6) variance ANOVA test to study the effect of the job title, where the effect of the audit in the activation of the principles of sustainable development study of industrial companies in Jordan

	Sum of squares	Degrees of freedom	The average deviation	F	significance level
Squares between groups	0.0494	2	0.0247	0.615	0.381
Interior squares	1.157	37	0.0680		
Total	1.206	39			

**Fourth hypothesis: there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable the years of experience.**

Table No. (7) variance ANOVA test to study the effect of the years of experience, where the effect of the audit in the activation of the principles of sustainable development study of industrial companies in Jordan

	Sum of squares	Degrees of freedom	The average deviation	F	significance level
Squares between groups	0.136	2	0.0452	0.204	0.812
Interior squares	1.071	37	0.0669		
Total	1.206	39			

Shown in Table (7), the significance level = 0.812, this value is greater than the value specified in the premise or 0.05, so we accept the hypothesis and say that "there is no statistically significant differences at the level of significance 0.05 effect of audit on Sustainable Development in industrial companies in Jordan are attributable to years of experience ":

**Fifth hypothesis: there is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable monthly salary.**

Table No. (8) variance ANOVA test to study the effect of the monthly salary, where the effect of the audit in the activation of the principles of sustainable development study of industrial companies in Jordan

	Sum of squares	Degrees of freedom	The average deviation	F	significance level
Squares between groups	0.136	2	0.0152	0.204	0.0154
Interior squares	1.071	37	0.0228		
Total	1.206	39			

Shown in Table (8), the significance level = 0.0154, this value is smaller than the value specified in the premise or 0.05, so we refuse the hypothesis say that "there is no statistically significant differences at the level of significance 0.05 effect of audit on Sustainable Development in industrial companies in Jordan are attributable to monthly salary ":

## Results

The main findings of this study can be summarized as follows:

- The company uses raw materials that can be recycled .
- The company is keen to participate in seminars related to development .
- The company trains employees on the safe use of the machines in order not to produce harmful materials to the environment.
- The company is committed to social responsibility towards the development of the society in which it operates .
- The company does social studies in order to protect the environment .
- The company recycles waste .
- auditors have competencies and special skills .
- auditor retains all the original documents used in the audit process -
- There is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable of gender.
- There is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable years of experience.
- There is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable job title.
- There is no effect for audit in activating the principles of sustainable development of the industrial companies in Jordan due to the variable scientific qualification.



- There is an effect for audit in activating the principles of sustainable development of the industrial companies in Jordan are attributable to variable monthly salary.

### **Recommendations**

At the end of this study, the researcher recommends the following: -

- 1- Companies must adhere their social responsibility towards the development of the Jordanian society.
- 2 - Companies must recycle their waste.
- 3 - Auditors should retain all the original documents used in the audit process
- 4 - Audit process must be done by people who have experience in the audit.
- 5 -The need to train employees on the safe use of the machines.
- 6 - Auditor must be informed continuously developments, regulations and legal requirements for the auditing profession.

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