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Obligation of the External Auditors with International Standards and its Relationship with the Volume and Prices in the Jordanian Stock Market for Service Sector Corporation

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I. INTRODUCTION

The main objective of the audit added confidence on the information contained in the financial statements. This information serves as a green light for decision-makers in their investments and expected returns, costs and risks which contribute to promoting investment both at the individual level or at the aggregate level.

External auditor independence is one of the most important audit issues have received considerable attention from the very beginning to configure the audit profession is a cornerstone of the profession, and the independence of the auditor it is because of the confidence the users of financial statements and rely on them in their use of the information contained in the lists of economic decisions, and when the independence of the auditor to suspect confidence in financial statements that carry its ratification and is difficult to rely on sound economic decisions of the syndicate.

Due to the expansion of business in the recent period and the emergence of global trade between various countries had to be an external audit of all companies, which aim to detect errors and fraud and ensure the accuracy and validity of financial statements, the audit has played a significant role in public life because it serves a large part of society including shareholders and investors and Government authorities here had to be in the impact of the work of the external auditor and its commitment to international standards in the service-sector firms listed in the stock market.

The audit process is based on the examination of internal control systems, data, documents, accounts and books of the company's critical examination, with a

view to coming up with an impartial professional opinion on the significance of financial statements on the company's financial position at the end of the time period information, and photographed for the results of their work from profit or loss for the period.

II. THE PROBLEM OF THE STUDY

Companies face different types of risks affecting the accuracy and credibility of financial reports that are issued, due to events in previous years, companies had to be an external audit which contributes to results through effective oversight of corporate activities and abide by the laws of these companies and provide consulting, with all that it has a leading role in the evaluation of companies by following the external auditor with the international standards and will focus this study on problem questions:

1. The impact of the external auditor's commitment to international standards in the sector of services firms contribute to Jordan and to increase the volume?
2. What is the impact of the external auditor's commitment to international standards and the increase in stock prices in the service sector companies contribute to Jordan?

a) Importance of the study

The importance of this study through research on the impact of the external auditor's commitment to international standards and its role in the evaluation process of the service sector companies contribute to the Jordan, and access to accurate financial statements.

b) The objectives of the study

The study aims to identify the following:

- Learn about the impact the auditor's commitment to international standards in service sector companies contribute to Jordan?
- Identify the role of the external auditor in the evaluation process of the service sector companies contribute to Jordan?

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c) *The study hypotheses*

- There is a relationship between the external auditor's commitment to international standards in service sector companies contribute to the volume stock market.
- There is a relationship between the external auditor for the application of international standards and rising stock prices in the services sector contributing companies.

d) *Methodology of the study*

Been using descriptive analytical study, which relies on the collection of data on the subject of the study, the use of sources of data collection as follows:

i. *Secondary sources*

And that is in reference books, magazines and periodicals in this study.

ii. *Primary sources*

The questionnaire that will be developed to measure the impact of the external auditor's commitment to international standards in the service-sector firms Jordan. And distributed to selected from a sample survey to collect data on the topic of study.

e) *Study Society*

The study society consists of all service sector companies contribute to Jordan included shares of trading when the study sample was taken 144 companies, select asample including 65 companies, distributed 260 questionares , retrieved 240 of them.

f) *Display and Analysis of Data*

By entering the data gathered from the sample program (SPSS) to extract duplicates and means, standard deviations and therefore to answer the study hypotheses.

g) *Previous studies*

1. Arar study (2009): "the extent to which the external auditor in Jordan, and assessment tests material error when auditing the financial statements.

This study aimed to describe the extent to which the external auditor in Jordan, and tests to assess the risk of financial mistakes when auditing the financial statements and the study found the following results:

- The external auditor in Jordan applies the procedures and tests necessary to understand the internal environment and to assess the risks of material misstatement, since there is a relationship between the auditor's understanding of the environment and the ability to assess the risk of material misstatement when audited financial statements.
- The auditor comply with the application procedures and tests necessary for testing internal control system in its assessment of the risk of physical danger when auditing the financial statements.

2. Study, and tanning (2011) entitled: "the impact of the audit firms compliance with international auditing standards on marketing strategic plans."

This research aims to describe the impact of the audit companies of Jordan's commitment to international auditing standards to marketing plans for marketing their services. Information was collected on the practical side of this study through field visits and interviews with four firms audit; two of them local, and other global companies operating in Jordan. And interviews with five international companies which ask questions; most of the answers of the respondents stating that adhere to international standards of the audit profession is important for both companies and audit firms.

But the most important element in choosing a company for her strict external expertise and efficiency in the work of the audit staff working in the company.

3. Study of Al-Rashidi (2011) entitled: "the conditions of the external auditor's independence is in the State of Kuwait: a comparative study".

This study aimed to identify the availability requirements of the external auditor's independence is in the State of Kuwait, and follow the researcher in this study is descriptive, the population of the study consisted of external auditors and the existing and potential investors, lenders, financial analysts, in addition to the control and supervision of the profession has been intentional sample of this community include (75). The study found most of the following results:

- No terms of the independence of the external auditors in the State of Kuwait from the point of view of the groups included in the study (external auditors, users of financial statements, points of control and supervision) and that regulatory and supervisory authorities are most influential to this view.
- There are constraints to provide conditions for the independence of the external auditors in the State of Kuwait, and that groups in support of this opinion are also oversight and supervision of the profession.
- 4. study (Chen et al, 2007), "the role of the external auditor in the process of quality assurance and customer case study of Taiwan."

To examine the independence of the Auditor, negotiations and discussions between the client and the Auditor during the audit of financial statements, identify the impact of the quality of the outputs of the negotiations between the client and the Auditor in Taiwan, to accomplish the objectives of the study the researchers model design of the questionnaire contains a set of paragraphs, was distributed to a sample of (960) company consisting of (622), a public company listed on Taiwan Stock Exchange, (338) public company registered in the labour market Securities Market) (GreTai GTSM, the researchers used statistical methods

in data analysis through statistical packages for the Human Sciences (SPSS), and the results of the analysis showed that the quality Checker play a major role in the independence of the Auditor, as high degree autonomy where high efficiency and quality checker, and found that there are other factors affecting the ability of administrative pressure resistance checker in auditing the financial statements.

5. study (Abu Baker et al., 2005), entitled "factors affecting external auditor, a case study of Malaysia".

To identify and explain the factors affecting the independence of the auditor from the point of view of the staff responsible for lending in Malaysia, and to achieve the objectives of the study was descriptive in design model of questionnaire distributed to a random sample of (86) employees in the Malaysian commercial banks, and use appropriate statistical methods to analyze data through statistical packages for the Human Sciences (SPSS), and the results of the analysis showed the presence of small companies are auditing within a highly competitive environment which negatively affects the quality and independence of the external auditor, In addition to auditing firms serving clients and customers for a long time on the administrative guidance services, audit fees are in addition to the existence of a regulatory audit Board sets auditing process are factors contributing to the high level of serious lack of independence.

6. study the Muttawa |(2009): the study showed that there is a growing interest in auditing standards at the time of issuance and El Khader explained and developed in addition to that there is a constant evolution in both the accounting and auditing profession and the environment where the standards that apply to certain conditions not suitable for application in other circumstances and study towards a harmony or coherence between international standards and national standards.
7. study (Tella, 2008): this study aimed to clarify the ethical failures that played a prominent role in the global financial crisis, the study lists some cases when some managers coveting and greed of shareholders to ensure quick profits, and forms of corruption that emerged from conflicts of interest, complex financial instruments to understand and conduct a number of businessmen who failed to exercise the mind and independence in quick.
8. study (Leone, the researcher noted that audit firms to become acceptable not only to the company but to the stakeholders should focus on the quality of the audit service through a commitment not only to the international standards of auditing, but commitment to the culture and standards of the audit firm itself, most notably the auditor should understand that it is not only responsible for managing the company but also to stakeholders

and to be a force behind the changing relationship between the audit firm and the management of the company.

III. THE THEORETICAL FRAMEWORK OF THE STUDY

The internal audit is crucial as it aims to serve many uses of financial statements and audited as adopted in decision processes and policy, the management of any project depends primarily on the accounting data in planning and monitoring and evaluating performance, and ensure that such data is audited by a professional with experience and high quality in the audit process.

The audit of operations is very important in mapping and risk assessment, internal audit has a significant role in public life since it serves multiple classes within the company and outside it as current and prospective investors, government departments and the directors of the company.

The internal audit profession is undergoing unprecedented development, development control tools within business organizations are significantly different than in traditional organizations in most periods of the twentieth century, business information, they are knowledge-intensive, result in very complex processes and theme at the international level, it had changed to the Organization, function, and changed the need for oversight, and internal audit profession of support functions for the administration of these organizations and the backbone of business organizations.

The audit profession originated from a human need to validate reliable accounting data in decision-making and policy-making,

And that the audit process is not new, but the process is a very old process, historical documents that ancient Egyptians were recorded cash transactions then they scrutinize her for validity.

And then the audit profession has evolved and the return on the breadth and development of economic activity and the increase in area in the world, with the audit profession take great importance high value and internal audit is defined as: .

As an independent activity calendar in the project to review the accounting, financial and other business and management service, and administrative control is you measure and evaluate other means of control and the functions of the internal audit are:

- Monitoring plans and monitor their implementation and identify its objectives, and the reasons for not reaching the goals set.
- Evaluation of business results relative to what was targeted.
- Eliminate waste by maximizing efficiency by maximizing the efficiency of productivity possible.
- Maximize the well-being of the community.

- Reduce audit risk and the difficulty of estimating the effects of the audit client or facility under scrutiny.

IV. THE IMPORTANCE OF AUDITING

The importance of checking back to being a means, not an end, so that the objective of this medium to the inter service using audited financial statements, and adopted by the decision-making and policy-making.

Examples of such entities and groups, managers and investors, banks, business, economy and various government bodies and trade unions.

Since project management depends entirely on accounting data in planning and performance monitoring and evaluation, and hence ensure that accurate data by neutral technical body, and also find a variety of investors adopt audited financial statements when making any decision in direct savings and investments to achieve the greatest possible return.

In terms of commercial banks and industrial installations, based financial statements planned by neutral technical body when examining financial statements for projects that apply for loans and credit facilities, as well as find economists rely on these lists in their assessment of national income and economic planning.

The role of internal audit in risk management:

The role of internal audit in the treatment and management of risk varies from one company to another, but it contains some or all of the following:

The focus of the work of the internal audit on the major and important risks were identified and defined by the management, monitoring and auditing risk management process within your organization.

1. Provide confidence and stress management.
2. Providing effective support for the risk management process.
3. To facilitate the description and definition of risk and identifying and providing the knowledge and education to staff existing risks.
4. Coordination of reporting to the Board of Directors and the Audit Committee.

Therefore, the Audit Department should ensure continued to function professionally and independently to provide the results of its work objectives referred to above.

It should be noted that it is not possible to reach the degree of achievement of a risk-free situation in practice, and to accept a reasonable level of risk is the final decision of his administration, and it usually boils down to compare the results of the risk and work on them, and usually comes to know this last consequence, it provides an important database management to address the potential risk.

So the internal control system may be the tool needed to provide the best way to reach the break-even

point in reducing the impact of risk on the enterprise to ensure its continuity.

V. PUBLIC JOINT STOCK COMPANY

Company can be defined as "a committed by two or more persons established their stakes on the stock for the IPO and trading capital is not less than five hundred thousand dinars have independent financial liability from accounts where administered by partners Board of Directors composed of not less than three and not more than thirteen appointed by public authority derives its name from its ends, where each partner is liable only to the extent of his share in the company capital.

Apportion securities issued by companies into three types: shares, bonds, and shares of Foundation, each of them will be dealt with in a separate section in summary form. The company's capital consists of equity shares representing partners in contributing to the project company, which is the capital of the company whether they contributed in cash or in kind.

International audit standards:

- According to the Constitution, the Member organizations of the general objective of the International Federation of accountants, the Committee adopts a support and with the support of the Council of the Union to provide aid for member organizations to facilitate their commitment by international evidence.
- Control systems, local laws and circulars issued by governmental institutions and /Or professional for each country, in varying degrees, professional practice followed in auditing the financial information.
- Differs from the form and content of audit data in various States, The Commission therefore seeks to achieve international acceptance of standards by taking data and contrast with each other into consideration when issuing the international standards on auditing.

International standards on auditing is a general performance standards developed by the international organization of the Audit Committee of the profession to provide a reasonable level of controls governing the auditing process and specifies the type of the window within which the checker works, depends on these criteria in judging the performance of the auditor and the quality of the work done by him.

It should be noted here that parameters provide a certain level of confidence in the work of the Auditor, the public learned that the audit process is disciplined by the familiar rules and increase public confidence in the importance of scrutiny and that this process is not improvisational.

This must be taken into account that these standards constitute a general framework and must not

limit creativity and practice of government audit Professional with reasonable, but these standards are an essential reference and important of the audit profession is practiced.

a) The goal of the independence of the external auditor

External audit is designed to enhance the credibility of financial statements by providing confidence (reasonable, not absolute) independently provides a true and fair financial statements, this will only be achieved if the user trusts the financial statements with the external auditor's credibility and not affected by company management.

There are three criteria for assessing the independence of the Auditor:

1. Independence curriculum is the freedom of thinking and planning.
2. Independent verification is the freedom of access to records, documents and company secrets.
3. Independent report was to express his opinion and documented.

The dimensions of the independence of the external auditor

The auditor's relationship with the company under scrutiny may be affected by many factors, including the physical pressures, social obligations, personal relationships, and may affect the factors together or independently to the independence of the Auditor, and in order to keep the profession on its role in society must be the full independence of the audit process auditor in several stages, as a result, you can select three dimensions to the independence of the Auditor, are:

1. Independence in the preparation of the audit program.
2. Independent testing.

(qualifications and experience)

		Frequency	Percentage
Qualification	Bachelor of accounting	214	89
	Postgraduate studies	26	11
Total		240	100
Years of experience	Less than 5 years	22	9
	5-10 years	46	19
	11-15 years	54	23
	More than 15 years	118	49
Total		240	100

The above table shows that the majority of the sample of the BSC in accounting and 89% gives an indication of the merits of the subject of the study and knowledge of the significance of questions and note that years of experience for more than 15 years by 49%, which means that their expertise and experience and know upon their answers to questions.

3. Independence in the preparation of the report.

Factors affecting the independence of the external auditor

1. Competition to attract customers: when the external auditor's entry in the competition to attract customers that lead to competitive fees, as reflected on the quality of the audit process, and the growing competition to attract customers by audit offices can create client motivation to change the validator either to reduce audit fees or find another Checker more loyal to management to achieve their wishes, which is reflected on the quality of the audit process and the independence of Auditor
2. Administrative and advisory services for clients: resort management established under scrutiny sometimes to request advisory services from Checker outside audit has the experience and qualifications of the Auditor (s) provide such services efficiently and quickly and passed international auditing standards provide that advisory services on condition that:
 - i. The provision of such services does not affect the independence of the auditor.
 - ii. That there is no interference by checker on administrative decisions, the Department established under the audit responsibility for those decisions.
 - iii. Fees: the fees of the Auditor, the person or entity which has appointed it, splitting a return received by the auditor for auditing the data to replacing check for comment on these audited financial statements.

b) Statistical analysis

The following table represents the sample analysis through preparation and attributed as follows:

Table (1)

c) Alpha test

This test measures the internal coherence and consistency study questions together and the value $\alpha = 0.82$ and generally high stability coefficient, meaning that this tool has the ability to achieve the objectives of the study.

d) *Analysis of themes of study*

i. *The first hypothesis*

To answer this question was calculated arithmetic means and standard deviations of the volume in the stock market, as shown in the following table:

Table No. 2: mean and standard deviations for the volume axis

No	Paragraph	mean	Standard deviation	order
1	The auditor's obligation to obtain sufficient and appropriate information in accordance with international standards helps to change the volume	3.97	.87	6
2	International standards on auditing in general settings	3.9	.79	7
3	The auditor should be fair and impartial, unbiased denuded	4.05	.76	5
4	Helps commitment to apply international accounting standards to increase the capacity of the audit and Auditor increased reliability	4.18	.72	1
5	Should be trusted as auditor to perform professional duties	4.08	.9	4
6	Most companies apply modern audit systems	4.1	.72	3
7	Corporate Auditors holds accounts with high efficiency	4.18	.72	1

The above table shows the mean values and standard deviation of the volume with the fourth and the seventh was the first ranking this means that reliability and high efficiency of Auditors take a great deal of importance on answers in kind.

While ranked second and sixth paragraph, which States that the companies are using modern systems of auditing thus increasing the credibility and efficiency of output.

e) *The second hypotheses*

To answer this question was calculated arithmetic means and standard deviations of stock prices as shown in the following table:

Table 3: mean and standard deviations of stock prices

No	Paragraph	mean	Standard deviation	Order
1	Governing the nature of the activity of the established assessment checker for stock prices.	4.0	.83	1
2	The company procedure assist the auditor to evaluate the best	3.95	.89	3
3	The market competence Affect the increase of price stock	3.97	.81	2
4	Adopting international standards for auditing helps to adjust the rate of increase in stock	3.9	.64	5
5	The external auditor's report is among the most important elements which increases reliability by company	3.92	1.06	4

The above table shows that paragraph 1 received the highest average since the nature of the established economic fixes and has a significant impact on viewing and performers in the financial market which

affects the conviction and decisions current and future investors.

The third paragraph was ranked second and that market competition in the sector has important effects on the company's stock price increase.

f) Analysis the study hypotheses

The first hypothesis: There is a relationship between the external auditor's commitment to international standards in service sector companies and volume stock market.

Table No. 4 : of the test track the commitment of international standards on audit volume stock market

mean	Standard deviation	T value	Statistical significance	result the hypothesis
4.04	.6	10.76	.000	Reject the hypothesis of zero

The above table shows test of one sample to discuss the commitment of external auditors amounted to arithmetic 4.04 the calculated value of 10.76 level indication 0.000 and demonstrate the value of the calculated statistically significant differences between the average and the reference value of 3.0 because the value was less than the significance level 0.05 so that these indications were for the benefit of the obligation of

external auditors, and this result is rejected, the hypothesis of zero, meaning the commitment of Auditors external audit international borders on assets volume.

The second hypothesis: There is a relationship between the external auditor's role in influencing the price of the service sector firms contribute.

Table No. 5 : of the test track the commitment of international auditing standards checker and its relationship to increase stock prices

mean	Standard deviation	T value	Statistical significance	As a result the hypothesis
3.99	.56	11.05	.000	Reject the hypothesis of zero

The table above shows the results of a test for the sample parent to discuss with auditors international auditing standards and the value of the arithmetic mean 3.99 the value computed t. 11.05 level indication is equal to 0.000 and demonstrate the value of the calculated there were significant differences between the average and the reference value of 3.0 because the value of the level of significance was less than . 05 so that the indication of the commitment of Auditors external audit standards and its impact on the increase in stock prices, and this result is rejected, the hypothesis of zero, meaning the commitment of Auditors external audit standards international impact in increasing the share prices of the companies.

3. There is a statistical relationship between the external auditor's commitment to international standards on volume stock market.
4. There is a statistical relationship between the external auditor's commitment to international standards to increase stock prices

b) Recommendation

Based on the above findings, the study found several recommendations including:

1. Encourage the Auditors and accountants to comply with international accounting standards, which helps to adjust as much on financial statements.
2. Legislation requiring companies to implement modern systems of auditing and follow-up.
3. The role of market competition in the accounting sector, which has a positive role to promote companies.
4. The need for ethical and behavioural values teaching for Auditors

VI. RESULTS AND RECOMMENDATIONS

a) Results

From the above statistical analysis the study found the following results:

1. International standards that adjust the volume in General
2. Adopting international standards for auditing helps to adjust the low trading volume

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