

Implementation of Corporate Governance Mechanisms and its Role in Achieving the Quality of Financial Reporting Information for Economic Institutions: A Field Study on Some Sudanese Economic Institutions

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Abstract - Sudanese economic institutions operate in a highly risky environment, subject to local and global changes. Therefore, there is a need for corporate governance mechanisms to improve the quality of financial reporting and achieve risk disclosure and mitigation. The primary objective of this study is to understand the role of implementing corporate governance mechanisms in achieving quality financial reporting information for Sudanese economic institutions. It is also intended to encourage economic institutions operating in the Sudanese environment to implement corporate governance mechanisms and benefit from their multiple advantages in achieving quality financial reporting information. To achieve the objectives of the field study, the inductive approach and the descriptive-analytical approach were adopted. (150) questionnaires were distributed to a sample of employees in the study community, which comprises some Sudanese economic institutions. All questionnaires were returned at a rate of 100%. After analyzing the data, the study reached several results that validated the hypotheses. These results include that implementing corporate governance mechanisms contributes to achieving quality information related to the economic resources of an institution, and that implementing corporate governance mechanisms contributes to achieving quality information related to the liquidity position, as it is of interest to users. The scientific significance of the study stems from the importance of achieving quality in financial reporting information, which users rely on to guide their various decisions. Furthermore, the study supports implementation of corporate governance mechanisms in the Sudanese business environment.

Keywords - Governance mechanisms, financial reporting quality, economic institutions.

I. INTRODUCTION

Accounting reports are of interest to many parties, both individuals and institutions, as they provide important information for making numerous investment decisions. Therefore, this information must possess certain characteristics that qualify it to be reliable by parties and beneficiaries (Abdullah & Faqir, 2020). This necessitates the implementation of corporate governance mechanisms to achieve the quality of financial reporting information.

Consequently, companies continually strive to achieve the quality of the information contained in financial reports, especially in light of the numerous problems caused by weak accounting information and internal control systems, and the spread of numerous phenomena that impact corporate performance and business results, such as creative accounting practices, financial corruption, tax evasion, and others.

This is in addition to the increasing size of companies and the diversity of their activities in light of the

tremendous economic and technological developments that have swept the contemporary world. Like other institutions, Sudanese economic institutions have sought, over the past few years, ways to achieve quality financial reporting information. Consequently, the concept of corporate governance emerged over the past century as one of these sought-after solutions.

The implementation of corporate governance mechanisms contributes to increasing confidence in this information, leading to trustworthiness and the possibility of relying on it to guide users' decisions and achieve their desired goals. Corporate governance represents a qualitative shift in the area of disclosure and transparency, as it was implemented to protect the rights of stakeholders. It is an integrated and effective solution to avoid financial crises as much as possible, ensuring that management performs its work properly. Management in various companies and banks is responsible for the quality of financial reports in a manner that meets the needs of all segments of the financial community (Al-Harbi, 2021). Because Sudanese economic institutions are not immune to these developments, this study addresses implementation of corporate governance mechanisms in economic institutions and its impact on the quality of financial reports in the Sudanese business environment.

Problem of the Study

Economic institutions operate in a highly risky environment, subject to local and global changes. Therefore, there is a need for corporate governance mechanisms to improve the quality of financial reporting and achieve risk disclosure and mitigation. Risk disclosure in financial statements is considered one of the key indicators for assessing the soundness of institutions' financial positions and their ability to continue and compete (Khalifa, 2018). Research in the administrative and financial fields has focused on the impact of governance and its requirements on the activities, systems, practices, performance, and reports of economic institutions. Accounting, as an information system, has been affected, like others, by the implementation of governance mechanisms and has received a significant share of research. The

results of this study largely point to a positive relationship between compliance with governance requirements and the improvement and development of accounting and financial systems and applications (Al-Awjali et al., 2024). Therefore, the problem of this study was the weakness of financial reporting information in some Sudanese economic institutions.

This has led many users of financial reports to mistrust this information, as it does not help them rationalize their economic decisions. Therefore, the study's problem can be formulated in the following questions:

Q1. Does implementation of corporate governance mechanisms contribute to achieving the quality of financial reporting information published by economic institutions?

Q2. Does implementation of corporate governance mechanisms contribute to achieving the quality of financial reporting information that is of interest to users?

Significance of the Study

The scientific significance of the study stems from the importance of achieving quality in financial reporting information, which users rely on to guide their various decisions. The study also represents a rich scientific addition to the academic library, providing students and researchers with information on its variables. Furthermore, the study supports implementation of corporate governance mechanisms in the Sudanese business environment. Its practical significance lies in its demonstration of how to leverage implementation of corporate governance mechanisms to achieve quality financial information on the income statement and balance sheet, as these are among the most important financial statements that users of financial reports rely on to guide their various economic decisions.

Objectives of the Study

The primary objective of this study is to understand the role of implementing corporate governance mechanisms in achieving the quality of financial reporting information for Sudanese economic institutions. The following objectives branch out from this objective.

- To encourage economic institutions operating in the Sudanese environment to implement corporate governance mechanisms and benefit from their multiple advantages in achieving the quality of their financial reporting information.
- To highlight the importance of the quality of financial reporting information and the use of corporate governance mechanisms in achieving this.
- To clarify the relationship between implementing corporate governance mechanisms and achieving the quality of financial reporting information.
- To determine the extent of companies' interest in implementing corporate governance in the Sudanese business environment.
- To find results and make recommendations that will contribute to achieving the study objectives.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Previous studies by numerous authors and researchers have addressed the topic of corporate governance and the various effects of implementing its mechanisms, particularly with regard to achieving the quality of financial reporting information. Among these studies is Hussein (2025), who concluded that board independence contributes to achieving the quality of financial reporting information and that implementing corporate governance mechanism contributes to achieving the quality of information related to a company's resources. Zidan (2024) also concluded that the effective implementation of governance mechanisms improves the quality of accounting disclosure, which increases the readability of annual reports, reduces the complexity of financial reports, and improves the financial performance of companies listed on the Egyptian Stock Exchange.

Another study, by Al-Awjali et al. (2023), reached several conclusions, the most important of which is that the Libyan banks under study are largely compliant with the requirements of the governance guide issued by the Central Bank, despite differences in implementation dates, and that their

implementation of these requirements enhanced the quality of published financial statements. Jasim & Ibrahim (2023) also found that the boards of directors of the sample banks are committed to implementing the governance manual issued by the Central Bank of Iraq and the guidelines and laws imposed by the local environment, which leads to improving the quality of these banks' financial reports. Meanwhile, Al-Harbi (2021) showed that the quality of financial reports for banks listed on the Saudi Stock Exchange (Tadawul) is high, and there is a statistically significant effect of commitment to implementing some corporate governance mechanisms (ownership concentration, board size, and audit committee independence) on the quality of financial reports for banks listed on the Saudi Stock Exchange (Tadawul). These mechanisms explained 49.6% of the change in the quality of financial reports, with the remainder attributed to other factors.

In addition, the results of Abdullah & Faqir (2020) demonstrated a clear role of corporate governance in the quality of financial reports in business organizations, as there is a significant effect for each of (audit committees, internal audit, and external audit) and the quality of disclosure in financial reports. Based on the results of previous studies and to achieve the study's objectives, the following hypotheses can be formulated:

H1: Implementation of corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions.

H 2: Implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users.

Theoretical Framework of Corporate Governance Concept of Corporate Governance

Corporate governance has received multiple definitions. Williamson (1999) defined it as a strategy adopted by an organization in pursuit of its primary objectives, within an ethical perspective that stems from within the organization as an independent and self-contained legal entity. It has the administrative structure, systems, and internal regulations that enable it to achieve these objectives independently,

free from the control of any individual within it, and to the extent that it does not conflict with the interests of other stakeholders. Timorah (2019) views governance as a set of strategies implemented within a company designed to provide reasonable assurance regarding the achievement of its objectives related to transparency, the adequacy of the company's financial reports, compliance with laws and regulations, and adding value to the company. Governance, from the perspective of Al-Jajawi & Al-Zarfi (2018), is a set of rules and principles aimed at achieving quality and excellence in performance, oversight, and accountability by selecting appropriate and effective methods to achieve the company's plans and objectives. Therefore, corporate governance can be defined as referring to a framework of rules, practices, and processes that guide how a company is directed and controlled. They define the structure within which the company operates and ensure accountability to shareholders and other stakeholders.

The importance of corporate governance is as follows (Al-Jajawi & Al-Zarfi, 2018)

- Combating deviations and preventing their continuation, especially those that pose a threat to interests.
- Corporate governance promotes transparency, accountability, and fairness in decision-making and prevents abuse of power by company executives.
- Risk management: Strong corporate governance helps identify and manage risks, including financial, operational, legal, and reputational risks.
- Governance helps companies act in the best interests of the company. More specifically, it can improve company performance, help it become more stable and productive, and open up new opportunities. It can also reduce risks, enable faster and safer growth, and enhance reputation and confidence.

Corporate governance clearly commands the attention of shareholders, stakeholders, employees, and customers alike and strongly impacts an organization's economic reputation. This is one of the many reasons why corporate governance is so

important; it can lead to a higher or lower company valuation.

Regarding the objectives of corporate governance, they can be summarized as follows (Anflis & Abboud, 2023)

- Regulating relationships among various stakeholders, such as shareholders, management, employees, customers, suppliers, and society as a whole.
- Managing businesses to maximize long-term value while protecting the interests of all stakeholders.
- Facilitating effective, entrepreneurial, and prudent management that can achieve long-term success for the company. Corporate governance is the system by which companies are directed and controlled, and boards of directors are responsible for the governance of their companies.

It is noted that the objectives of corporate governance are influenced by the motivations of senior executives, the financial position, the quality of performance, and the capabilities of senior employees.

Corporate Governance Principles

The principles of corporate governance are as follows: <https://www.oecd-ilibrary.org>

- Principle of Accountability: There is a symbiotic relationship between shareholders and managers, whereby shareholders trust managers and allow them to oversee the company's operations. In return, managers are accountable to these shareholders. This suggests that one of the most important roles of the board of directors is to appoint a CEO capable of stimulating the company's growth and maximizing the potential of its employees.
- Principle of accountability: Sound decision-making is essential for any board of directors, and therefore every decision made by the company must be supported by sound logic and evidence, and it is inevitable that important decisions made by the company will raise questions, which is a positive sign that reflects commitment and due diligence (Al-Jajawi & Al-Zarfi, 2018). There is also a role for each board

member to provide clear and concise explanations in response to such questions about the company's decision-making.

- Principle of awareness: The survival and success of a company depend on its ability to understand and overcome various risks, and boards play a critical role in this endeavor, not only because of their leadership positions but also because their extensive experience, often spanning decades of continuous work in a specific field, qualifies them to identify a wide range of risks, from minor to major and from short-term to long-term. Since total risk elimination is not achievable, a company should not strive for it, and the key lies in distinguishing between risks to be embraced and those to be avoided.
- Principle of Effectiveness: The board of directors and its committees must possess an appropriate balance of skills, experience, independence, and knowledge of the company to enable them to perform their duties and responsibilities effectively.
- Principle of Transparency: Transparency is the cornerstone of effective corporate governance. Stakeholders and shareholders must have access to information regarding the company's activities, future plans, and associated risks. Transparency includes the voluntary and public disclosure of this information. <https://www-investopedia-com>.
- The above indicates that the board of directors must provide accurate, clear, and timely information about the company's administrative and financial performance without concealing any information that could influence stakeholder decisions.
- Principle of impartiality: Although objectivity is a fundamental principle, it can easily be compromised by personal beliefs or friendships, and the board should be aware of these potential biases and take proactive measures to prevent them from influencing the decision-making process (Al-Jajawi & Al-Zarfi, 2018). The principle of impartiality or (fairness) provides equal treatment, by applying justice to stakeholders, i.e. the board of directors must

achieve justice between all parties related to the economic organization.

Corporate Governance Mechanisms

The most important corporate governance mechanisms are as follows (Bushee & Noe, 2000)

Board Independence: Independence is achieved when the director is not, among other things, a major owner of the company and does not hold any executive position within it. A board of directors, composed of a number of independent directors, has greater ability to monitor and control management. Many studies in the corporate governance literature have discussed the role of independent directors in improving the quality of financial reporting and disclosure. It has been stated that independent directors on the board will be more effective in controlling directors and improving disclosure. Independent directors are often viewed as a tool for monitoring management behavior and may improve information disclosure. Fama & Jensen (1983) stated that a higher proportion of outside directors on boards enhanced the quality of financial disclosure and reduced the benefits of withholding information.

Effective corporate governance mechanisms are always designed to recognize the oversight role played by board members. A well-functioning board may also lead to better quality disclosure. We consider the following variables as proxies for board structure:

- **Board size:** The number of directors is an important factor in board effectiveness. A larger board may bring more experienced directors who may represent multiple values to the board. Conversely, it is argued that large boards tend to slow decision-making and can therefore be a barrier to change (Hillman & Dalziel, 2003). It is noted that board size plays an important role in monitoring directors' activities. A large board may provide better oversight and higher-quality corporate decisions. A small board may affect the level and extent of oversight. A large board may also bring more experience and knowledge that may be beneficial to financial reporting practices.

- **Audit Committee Independence:** Independence has been defined as the absence of any relationship with the company that might interfere with the exercise of its independence from management and the company. Audit committees composed solely of independent (external) directors are more effective and are likely to require greater depth and scope for internal audit activities and procedures, which in turn will enhance internal controls and the effectiveness of the internal audit function (Fama & Jensen, 1986). It is observed that the higher the level of independence of the audit committee, the better its audit results for financial statements and overall corporate information, meaning that audit committee independence affects the reliability of financial statement information.
- **Ownership Structure and Leadership:** Various aspects of ownership structure, such as government ownership, foreign ownership, and institutional ownership, have been considered in previous studies. The separation of ownership and control has been found to be responsible for agency conflicts, and the likelihood of agency problems is higher when shares are held widely compared to those held by a few. The type of board leadership and the role of the CEO can influence the disclosure policy of economic institutions and, consequently, the accounting information contained in financial reports.
- **Legal Framework for Corporate Governance:** Corporate governance mechanisms are procedures, policies, and tools that facilitate the direction and performance of organizations through appropriate monitoring and control of executive behavior in light of regulatory requirements. Since the cost of generating and disseminating information is higher, larger firms may be able to more easily bear the cost and have the resources and expertise to generate it. Size has been found to be an important factor in explaining differences in the extent of disclosure, and agency costs increase with firm size. Therefore, adequate disclosure helps mitigate the cost of conflicts of interest (Chow & Wong, 1987). Adopting a legal framework for corporate governance appears to lead to disclosure of

accounting information and is also beneficial for firms that use debt as a source of financing to maintain trust among creditors. Lenders are likely to compel firms to disclose more information in accordance with the legal framework for corporate governance.

Theoretical Framework for Financial Reporting Information Quality

To discuss the quality of financial reporting information, one must first understand what financial reports are, their types, and their characteristics.

The Concept of Financial Reporting

According to Klapper & Love (2007), the dominant task in the accounting profession is the process by which information about an organization's performance and financial position is presented to users. It is often believed to be accurate and realistic in its content and is attested to by an external person or persons (independent auditors) who confirm its validity. Raithatha & Bapat (2014) define financial reporting as the process of communicating a company's financial information to stakeholders.

In the corporate context, financial reports include a set of accounting statements that include the balance sheet, income statement, and cash flow statement. Other financial statements prepared by companies based on requirements include consolidated financial statements, segment reports, environmental reports, and so on. It is clear that financial reports are among the most important outputs of the accounting system. Through the information they provide, stakeholders and users can rationalize their decisions that achieve their desired goals. The income statement, the balance sheet, and the cash flow statement are among the most important financial reports whose information influences users' decisions. Therefore, this information must be of high quality.

The importance of financial reporting is derived from the significant objective achieved by the availability of financial reporting information prepared and published by companies. Financial reporting information, with its economic value, influences the interests of all parties interested in a company's

activities, which positively impacts the process of guiding and rationalizing the decisions of those parties related to the company (Joda, 2010). The importance of financial reporting information lies in helping users make sound decisions that determine their investment relationship with the economic institution.

As for the objectives of financial reporting, its primary goal is to provide useful financial information that aids in economic decision-making, in addition to preparing and presenting financial statements for external purposes for commercial companies. However, some believe that there are other objectives of financial reporting, including the following (Darwish, 2021):

- Providing useful and beneficial financial information to investors, current and potential lenders, and other users and beneficiaries, with regard to the rational decision-making process for investment, credit, and other similar decisions.
- Providing useful and relevant information to current and potential investors, current and potential lenders, and other users to estimate future cash flows.
- Clearly depicting and describing the economic resources of an entity, the rights and entitlements to those resources, the ownership rights, and the effects of business transactions, events, and circumstances.

It is clear that the primary objective of financial reports is to provide stakeholders and users with information about the financial position of an economic entity and help them rationalize their decisions that contribute to achieving their objectives.

Types of financial reporting

Financial reports are an effective means of communication between the company and the parties interested in its activity, as these related parties can recognize through these reports the main elements affecting its financial position and the results it achieved during a certain period, and the financial statements (income statement, statement of financial position, statement of changes in equity, and statement of cash flows) The final summary of

the accounting process that describes the operations of the company, where each list relates to a specific date of business activity (Hammad, 2005). Financial reports include all the reports that are presented to the various levels of management in the company, whether they are related to the normal activity or related to the issues faced by the company's management.

Information Quality of Financial Reporting

The concept of financial reporting quality has received significant attention in recent years from researchers and academic and practical bodies. Despite this interest in the concept of financial reporting quality, this is due to the diversity of viewpoints among authors on the subject of financial reporting quality, which has led to differences in its definition and measurement (Al-Azmi, 2012).

From Biddle et al. (2009) perspective, financial reporting information quality refers to the accuracy of conveying information related to a company's operations, including operational activities, expected cash flows from those operations, and all company-specific information, as well as the extent to which investors benefit from this information. Yoon (2007) views financial reporting quality as providing financial statements with true and fair information about operational performance and financial position.

This definition reflects the limited objectives of financial reporting in organizations and bodies, as well as those setting accounting standards, such as the International Accounting Standards Board. It can be said that the concept of financial reporting quality is a general, flexible, and evolving concept, subject to standards that vary from one stage to another in the development of accounting thought.

Characteristics of Financial Reporting Information Quality

Abu Al-Khair (2007) believes that the concept of financial reporting quality encompasses the characteristics of the quality of the financial information contained in those reports. To begin with, it must be acknowledged that there is no

agreement among bodies or researchers on a set of basic characteristics.

These characteristics stem from the usefulness of accounting information for decision-making, which depends on the degree of reliability of the information, on the one hand, and the appropriateness of that information, on the other, and the comparability of that information, on the third.

These three factors combined contribute to improving the usefulness of accounting information for decision-making, which we will discuss in some detail. In an attempt to describe the characteristics of useful and good accounting information, we find the Financial Accounting Standards Board's statement useful in its attempt to serve as a good material guide for developing standards and selecting individual accounting procedures. However, the statement emphasized relevance and reliability as the basic useful qualities that accounting information must possess, despite mentioning verifiability, neutrality, conservatism, comparability, consistency, understandability, and cost-effectiveness. Characteristics are also classified as those related to the information that reports should contain and those related to the knowledge of the information provided. The characteristics of financial reporting information quality are as follows (Elsbach & Bhattacharya, 2001):

- **Relevance:** Relevance is defined as the ability of information to manage decision-making variance by helping users make predictions about the outcomes of past, current, and future events, or by confirming or correcting expectations. For information to be relevant, it must have two values: prediction and confirmation. This clearly demonstrates that the two mindsets intersect. To achieve relevance in accounting information, the sub-qualities of timeliness, feedback, and predictive value must be present. It is clear that relevant accounting information is information that is obtained when needed, i.e., at the right time, and is useful in that it can be used to predict future events.
- **Reliability:** For information to be reliable, it must possess four qualities, as defined by the Financial

Accounting Standards Board (FASB). These qualities, according to Firmansyah & Irawan (2019), are freedom from material misstatement, faithful representation, impartiality, and wisdom. However, the latter source identified completeness as an additional quality for accounting information to be reliable. The sub-qualities of verifiability, objectivity, and truthfulness must also be present (Wahba, 2003). It is clear that the reliability of accounting information means that it can be relied upon to make sound decisions.

- **Ease of Understanding:** Ease of Understanding means that financial statements are easy to understand. The primary qualitative characteristic of ease of understanding ensures that financial statements are prepared in a simple manner, one that even the general public and consumers can understand. Accounting is indeed a complex art, so it is important for accountants to simplify financial statements so that they are in an easy-to-read format with rows and columns, easy to use, and have explanations located in a separate area, away from the data, to avoid unnecessary delays and misinterpretations of the financial statements (Bin Hammam et al., 2024). It is clear that good accounting information is simple information that is easily understood by all stakeholders and users.
- **Materiality:** Information is material if it is capable of influencing a user's decision based on the financial statements. However, the Financial Accounting Standards Board (FASB) of 1990 defined materiality as "the magnitude of an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it likely that the judgment of a reasonable person relying on the information would be altered or influenced by the omission or misstatement." The materiality of good accounting information is its ability to influence users' decisions.
- **Comparability:** Comparability is one of the enhanced characteristics of accounting information. The usefulness of information increases when it can be compared with similar information about other entities or similar

information about the same entity over time. This enables users to identify similarities and differences between two sets of economic events (Sahloul, 2022). It is noted that good information is information that enables users to compare accounting information from one period to another or compare specific company information with competitors' information, which helps in making rational competitive decisions.

- **Verifiability:** This refers to the ability, through consensus among measures, to Ensuring that the information represents what it purports to represent or that the chosen measurement method has been used without error or bias. The information in financial statements must be robust enough to be comparable. The basis for preparation must be disclosed to enable another party to access the same information or how to access it (Arba, 2014).
- **Neutrality:** The Financial Accounting Standards Board (FASB) defines it as "the absence of bias in reported information aimed at achieving a predetermined outcome or inducing a particular pattern of behavior." Key terms that enhance the quality of financial reporting information are timeliness, understandability, benefit/cost, and comparability. Therefore, the existence of standards and characteristics for financial reporting quality positively impacts the level of financial reporting and the development and guidance of accountants' capabilities.

Financial Report Information of Interest to Users

The information provided by financial reports, which users rely on to guide their investment and other decisions, includes the following (Lutfi, 2005):

- Information related to the company's resources.
- Information related to the company's obligations.
- Information related to evaluating the company's performance.
- Information related to the company's profits.
- Information related to liquidity.
- Information related to the movement of funds.

It can be said that properly prepared financial report information helps clarify the financial strengths and

weaknesses of the company's management. Therefore, the quality of this information greatly helps users guide their investment and other decisions that will achieve their desired goals.

The Impact of Implementing Corporate Governance Mechanisms on the Quality of Financial Reporting Information

The results of a study by Al-Awjali et al. (2024) showed that banks' commitment to governance requirements and the implementation of its mechanisms led them to increase their interest in improving the quality of their practices and internal systems, which resulted in an improvement in their information systems, most notably financial information.

Cohen et al. (2011) also confirmed in their study that there is a positive impact of implementing corporate governance requirements and mechanisms (represented by the size and independence of the board of directors, executive share ownership, and audit committee experience) on the quality of financial reporting information.

It is clear that implementing corporate governance mechanisms contributes to improving the quality of financial reporting information by enhancing the quality of the accounting information contained in financial reports. Misad (2014) believes that implementing corporate governance is the only effective way to ensure the rights of stakeholders within companies, especially investors. He also believes that the concept of corporate governance has an impact and importance for individuals, companies, and communities in many economic, legal, and social aspects. Good corporate governance helps attract investments, both foreign and domestic, and helps reduce capital flight and combat corruption. Some also believe that governance was one of the pillars of disclosure by strengthening financial reports with important additional information that played a role in increasing the impact on the quality of financial reports. The rate of compliance with governance rules was high compared to the rate of disclosure (Saad, 2020). It is clear that implementing corporate governance mechanisms contributes to improving

the quality of financial reporting information, especially information of interest to investors and stakeholders. This confirms that there is a clear influence between the implementation of corporate governance mechanisms and the financial reporting information of economic institutions.

III. METHODOLOGY OF THE STUDY

The study population consists of a number of Sudanese economic institutions. For the study sample, a random sample of specialists was selected from among the employees of these institutions, including accountants, cashiers, internal auditors, information systems employees, investment department employees, financial managers, and others.

To obtain information and primary data for this study, a questionnaire was designed to examine the impact of implementing corporate governance mechanisms on the quality of financial reporting information. (150) questionnaires were distributed to the study population, representing a sample of employees in the institutions under study. A 100% response rate was returned, sufficient to conduct statistical tests and obtain results that can be generalized to the relevant study population.

To test the reliability and internal consistency of responses to the statements, Cronbach's alpha coefficient was calculated. The statistically acceptable value for Cronbach's alpha coefficient is 60%. A reliability test was conducted on the respondents' responses to the questionnaire for all its components. Validity is also a measure used to determine the degree of honesty of respondents based on their answers to a specific scale. Validity is calculated in many ways, the easiest of which is as the square root of the reliability coefficient. The value of both validity and reliability ranges between zero and one. In this study, the split-half method was used to calculate the reliability of the scale, where the study sample members' answers to odd-numbered phrases were separated from their answers to even-numbered statements. Then, the Pearson correlation coefficient was calculated between their answers to odd-numbered and even-numbered statements, where the reliability coefficient represents the square root of the Cronbach's alpha reliability coefficient. Both validity and reliability range between zero and 100%; the closer the result is to 100%, the higher the reliability and honesty of the study sample members' answers. Table (1) shows the validity and reliability coefficients for the questionnaire statements.

Table 1: Cronbach's alpha coefficient of reliability and stability of questionnaire items

Particular	Number of phrases	Cronbach's alpha reliability coefficient	Stability coefficient
First hypothesis phrases	6	0.942	0.928
Second hypothesis phrases	6	0.956	0.924
Total	12	0.949	0.926

Source: Prepared by the researcher, based on questionnaire data, 2025

The Cronbach's alpha coefficient of reliability in the study sample members' answers to the questionnaire phrases reached (94.9%), while the reliability coefficient reached (92.6%). These two values indicate the high reliability and honesty in the study sample members' answers, which leads to confidence and acceptance of the results that this study will produce, which makes it possible to rely on

these answers in achieving the study objectives and analyzing its results.

Questionnaire Data Analysis and Discussion of Results

H1: Implementation of corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions.

Table 2: Frequency Distribution of Study Sample Responses to the Phrases of the First Hypothesis

	Frequency and percentage%
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Phrases										
	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	f	P	f	p	f	p	f	P	f	p
Working in accordance with the legal framework for corporate governance contributes to achieving the quality of published financial reporting information.	6	%4.0	9	%6.0	12	%8.0	59	%39.3	64	%42.7
Increasing the number of board members helps achieve the quality of published financial reporting information.	6	%4.0	8	%5.3	13	%8.7	60	%40.0	63	%42.0
The ownership and leadership structure affects the quality of published financial reporting information.	7	%4.7	8	%5.3	15	%10	61	%40.7	59	%39.3
Achieving the independence of the Board of Directors contributes to achieving the quality of information in published financial reports.	4	%2.6	6	%4.0	10	%6.7	64	%42.7	66	%44.0
The financial expertise of the audit committee contributes to improving the quality of published financial reporting information.	8	%5.3	9	%6.0	11	%7.3	67	%44.7	55	%36.7
The independence of the audit committee enhances the quality of published financial reporting information.	4	%2.6	9	%6.0	12	%8.0	66	%44.0	59	%39.3
Total	35	%3.9	49	%5.4	73	%8.1	377	%41.9	366	%40.7

Source: Information obtained from the output of SPSS program, 2025
Table (2) shows that the majority of the study sample's responses to the phrases of the first hypothesis, which states that "Implementation of

corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions" tended to agree and strongly agree.

Table 3: Descriptive statistics of the study sample members' responses to the phrases of the first hypothesis

Phrases	Standard deviation	Arithmetic means	Mode	Relative importance	Degree of approval	Ranking
Working in accordance with the legal framework for	0.82	4.17	5	%83.4	Very high	4

corporate governance contributes to achieving the quality of published financial reporting information.						
Increasing the number of board members helps achieve the quality of published financial reporting information	0.86	4.12	5	%82.4	Very high	5
The ownership and leadership structure affects the quality of published financial reporting information.	0.92	4.11	5	%82.2	Very high	6
Achieving the independence of the Board of Directors contributes to achieving the quality of information in published financial reports.	1.04	4.28	5	%85.6	Very high	1
The financial expertise of the audit committee contributes to improving the quality of published financial reporting information.	0.81	4.18	5	%83.6	Very high	3
The independence of the audit committee enhances the quality of published financial reporting information.	1.01	4.20	5	%84.0	Very high	2

Source: Information obtained from the output of SPSS program, 2025

From Table (3), it is noted that the descriptive statistics for the hypothetical phrases that state, "Implementation of corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions," have arithmetic means in the range (4.11 - 4.28), standard deviation (0.82 - 1.01), and mode in the range (5) for all statements. According to the five-point Likert scale, the respondents' responses are "agree."

Table 4: Chi-square test for the phrases of the first hypothesis

Phrases	Chi-square	(T) value	Degree of freedom	Morale level	Tabular value	Significance
Working in accordance with the legal framework for	328.283	46.905	1	0.000	4.24	Acceptance

corporate governance contributes to achieving the quality of published financial reporting information.						
Increasing the number of board members helps achieve the quality of published financial reporting information	326.152	60.730	1	0.000	4.20	Acceptance
The ownership and leadership structure affects the quality of published financial reporting information.	308.059	60.349	1	0.000	4.18	Acceptance
Achieving the independence of the Board of Directors contributes to achieving the quality of information in published financial reports.	219.302	56.408	1	0.000	4.72	Acceptance
The financial expertise of the audit committee contributes to improving the quality of published financial reporting information.	223.305	71.308	1	0.000	4.49	Acceptance
The independence of the audit committee enhances the quality of published financial reporting information.	257.209	56.608	1	0.000	4.65	Acceptance

Source: Information obtained from the output of SPSS program, 2025

In Table (4) to test the validity of the hypothesis that states that "implementation of corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions," The chi-square test was used for the hypothesis phrases, and the calculated chi-square values were as follows: 328.283, 326.152, 308.059, 219.302, 223.305, and 257.209, and the calculated (T) values were as follows: 46.905, 60.730, 60.349, 56.408, 71.308, and 56.608, and the tabular values fall between 4.18 and 4.72, with degrees of

freedom (1) and a significance level Sig for all phrases (0.000). When comparing the significance level, Sig, with the permissible significance level (0.05), it is found that the significance level, Sig, is less than the significance level, which means the presence of statistically significant differences was found for the hypotheses, indicating that the hypothesis was valid.

H 2: Implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users.

Table 5: Frequency distribution of study sample members' responses to the phrases of the second hypothesis

Phrases	Frequency and percentage %									
	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree	
	f	P	f	p	f	p	f	P	f	p
Implementing corporate governance mechanisms contributes to achieving quality information related to the liquidity position.	7	%4.7	8	%5.0	11	%7.0	61	%41.3	63	%42.0
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic resources.	6	%4.0	7	%4.7	12	%8.0	63	%42.0	62	%41.3
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the movement of funds.	7	%4.7	9	%6.0	14	%9.3	61	40.7	59	%39.0
Implementing corporate governance mechanisms contributes to achieving the quality of information related to evaluating the performance of an economic institution.	12	%8.0	10	%7.0	13	%9	57	%38.0	58	%38.7
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the profits of the economic institution.	5	%3.0	9	%6.0	11	%7.0	64	%42.7	61	%41.3
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic obligations.	6	%4.0	6	%4.0	15	%10	60	%40.0	63	%42.0
Total	43	%4.8	49	%5.4	76	%8.4	366	%40.7	366	%40.7

Source: Information obtained from the output of SPSS program, 2025

Table (5) shows that the majority of the study sample's responses to the phrases of the second

hypothesis, which states that "Implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users", tend to agree and strongly agree.

Table 6: Descriptive statistics of the study sample's responses to the phrases of the second hypothesis

Phrases	Standard deviation	Arithmetic means	Mode	Relative importance	Degree of approval	Ranking
Implementing corporate governance mechanisms contributes to achieving quality information related to the liquidity position.	0.95	4.22	5	%84.4	Very high	3
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic resources.	1.02	4.29	5	%85.8	Very high	1
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the movement of funds.	0.96	4.08	5	%81.6	Very high	5
Implementing corporate governance mechanisms contributes to achieving the quality of information related to evaluating the performance of an economic institution.	0.83	4.07	5	%81.4	Very high	6
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the profits of the economic institution.	1.02	4.23	5	%84.6	Very high	2
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic obligations.	0.83	4.21	5	%84.2	Very high	4

Source: Information obtained from the output of SPSS program, 2025

From Table (6), its noted that the descriptive statistics for the hypothetical phrases that state, "Implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users," have

arithmetic means in the range (4.07-4.29), standard deviation (0.83-1.02), and mode in the range of (5) for all statements. According to the five-point Likert scale, the respondents' responses are strongly in agreement.

Table 7: Chi-square test for the phrases of the second hypothesis

Phrases	Chi-square	(T) value	Degree of freedom	Morale level	Tabular value	Significance
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Implementing corporate governance mechanisms contributes to achieving quality information related to the liquidity position.	359.106	79.305	1	0.000	4.75	Acceptance
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic resources.	279.861	87.691	1	0.000	4.93	Acceptance
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the movement of funds.	273.158	51.255	1	0.000	4.35	Acceptance
Implementing corporate governance mechanisms contributes to achieving the quality of information related to evaluating the performance of an economic institution.	332.251	76.309	2	0.000	4.32	Acceptance
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the profits of the economic institution.	382.102	41.251	1	0.000	4.86	Acceptance
Implementing corporate governance mechanisms contributes to achieving the quality of information related to the institution's economic obligations.	310.259	46.258	1	0.000	4.67	Acceptance

Source: Information obtained from the output of SPSS program, 2025

In Table (7), to test the validity of the hypothesis that states that "implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users," the chi-square test was used for the hypothesis statements, and the calculated chi-square values were as follows: 359.106 – 279.861 – 273.158 – 332.251 – 382.102 – 310.259, and the calculated (T) values were as follows: 79.305 – 87.691 – 51.255 – 76.309 – 41.251 – 46.258, and the tabular values fall between (4.32 – 4.93), with degrees of freedom (1 - 2), and with a significance level of Sig for all phrases. When comparing the significance level of Sig with the permissible significance level (0.05), it is found that that the significance level of Sig is less than the significance level. This means that there are statistically significant differences in the hypothesis statements, which means that the hypothesis is valid.

IV. CONCLUSION

The primary objective of this study is to understand the role played by the implementation of corporate governance mechanisms in achieving the quality of financial reporting information. The results of the field study showed that achieving board independence as a corporate governance mechanism, in addition to other mechanisms, contributes to achieving the quality of financial reporting information. This aligns with the findings of Al-Harbi (2021), which found a statistically significant relationship between compliance with corporate governance and the quality of financial reporting for banks listed on the Saudi Stock Exchange. It also aligns with the findings of Al-Awjali et al. (2023), which indicated that the Libyan banks under study were largely compliant with the requirements of the governance guide issued by the Central Bank, despite differences in implementation dates. Their implementation of these requirements enhanced the quality of published financial statements.

Therefore, all of these results confirm the validity of the first hypothesis, which states that "Implementation of corporate governance mechanisms contributes to the quality of financial reporting information published by economic institutions." The study results also showed that implementing corporate governance mechanisms contributes to achieving the quality of information related to an institution's economic resources, profits, liabilities, and other information important to users of financial reports.

This aligns with the findings of Hussein (2025), who concluded that operating within the legal framework of corporate governance contributes to achieving the quality of financial reporting information. Zidan (2024) also concluded that the effective implementation of governance mechanisms improves the quality of accounting disclosure, which increases the readability of annual reports, reduces the complexity of financial reports, and improves the financial performance of economic institutions.

These combined results confirm the validity of the second hypothesis, which states that "Implementation of corporate governance mechanisms contributes to the quality of financial reporting information of interest to users." This study was applied to some Sudanese economic institutions operating under exceptional circumstances recently. It was limited to examining the role of implementing governance mechanisms in the quality of financial reports. Accordingly, the researcher proposes conducting further studies to determine the impact of implementing corporate governance mechanisms on the financial performance of stock markets and other economic sectors.

Results of the Study

After completing the theoretical framework and analyzing the field study data, the study reached the following conclusions:

- Implementation of corporate governance mechanisms contributes to achieving the quality of information related to the economic resources of an institution.
- The independence of the audit committee enhances the quality of information in the financial reports published by economic institutions.
- The independence of the board of directors contributes to achieving the quality of information in the financial reports published by economic institutions.
- Implementation of corporate governance mechanisms contributes to achieving the quality of information related to the profits of economic institutions.
- Implementation of corporate governance mechanisms contributes to achieving the quality of information related to the company's obligations.
- The financial expertise of the audit committee contributes to improving the quality of financial report information relevant to users.
- Implementation of corporate governance mechanisms contributes to achieving the quality of information related to the liquidity position, as it is of interest to users.
- Operating in accordance with the legal framework of corporate governance contributes

to achieving the quality of financial report information relevant to users.

Recommendations

Based on the results of the field study, the study recommended the following:

- Increase awareness among employees of Sudanese economic institutions of corporate governance mechanisms, the importance of their implementation, and their various advantages through workshops, seminars, and academic conferences.
- Work to spread the culture of applying corporate governance among economic institutions in the Sudanese business environment.
- Issue binding legislation to implement corporate governance in the Sudanese business environment to achieve the quality of financial reporting information for economic institutions.
- Work to issue local standards for implementing corporate governance that take into account the nature of work in the Sudanese business environment.
- Encourage Sudanese economic institutions to implement corporate governance to benefit from its multiple advantages in achieving the quality of their financial reporting information.

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