STUDYING THE ROLE OF CORPORATE GOVERNANCE IN THE DEVELOPMENT OF RISK MANAGEMENT IN COMMERCIAL BANKS LISTED AT AMMAN STOCK EXCHANGE (FIELD STUDY)

Neam Soliman Eid Haddad

MSc Degree in Accounting, Manager at Jordan Ahli Bank, Zarqa Branch, P.O.Box 111, Zarqa 13110, Jordan.

ABSTRACT: *The study aimed to identify the role of corporate governance in the development of risk management in commercial banks listed at Amman Stock Exchange (ASE). To achieve this goal, the researcher relied adopted an analytical descriptive approach in her study to be convenient to the study nature. A questionnaire has designed as a tool to collect data. It distributed to a sample survey of the members of the committee's corporate governance, audit committees and risk management commissions in these banks. The questionnaires have statistically analyzed using Statistical Package for Social Sciences (SPSS). The most important findings of the study that the presence of the role of corporate governance committees resulting from the Board of Directors in development of risk management in banks listed at ASE. This role was in uneven degree, between medium and high. In addition, the role of audit committees is the most development in the risk management, followed by risk management committees, and finally to corporate governance committees. The study concluded a set of recommendations including: It is necessary to activate the role of committees in the exercise of its work in development of risk management in commercial banks listed at ASE. The sub-committees should constituted of the board of directors in accordance with corporate governance, which includes financially and accounting experienced members. Finally, the financial experience should not limited to a specific number of members.*

KEYWORDS: Corporate Governance, Risk Management, Commercial Banks.

INTRODUCTION

According to the importance of the commercial banking sector in economic activity, and its ability to provide credit to the various investments. The Central Bank is constantly monitoring the situation and examine banks to ensure the safety of the financial position of the hand and the rights of the customers on the other.

The concept of risk management in commercial banks is a relatively recent concept. It emerged with the increased risks to the banks according to the nature of their work. Therefore, it is necessary to establish procedures and policies have needed to identify those risks, evaluate, and respond to them in order to minimize their effects.

"The importance of corporate governance in banks they mainly provide institutional development and performance future, with the aim of confidence in the bank's activities to support a recipient of funds of depositors and shareholders. To enable it to contribute successfully to the development of banking services in Jordan. Which contributes to raising the efficiency of the national economy. Therefore, the board of Directors has decided to adopt the

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

corporate governance manual, in a manner consistent with all of the Central Bank of Jordan and the international best practices instruction "(Annual report of the Ahli Bank, 2013).

The recent financial crisis that hit financial markets in the United States and other countries during the year 2008 was a great source threatened the entire world. It was the result of a defect in the control mechanisms and follow-up, so it was necessary to the existence of mechanisms to help the Board of Directors to control, and control over the operations of the Bank. So were the laws and legislation in many countries, including Sarbanes-Oxley Act of 2002 in the United States. This was followed by similar legislation in Arab countries, including Jordan, where the decision issued by the Central Bank of Jordan No. 76 the date 2007 on the instructions of the Corporate Governance and its mechanisms. Corporate governance is a set of policies and procedures to implement during the governorship of emanating from the Board of Directors: governance committee, audit committee, and committee for risk. This is the link between the committees of the Board, and the bank administrations, including risk management. Therefore, this study examines the role of the committees in the development of risk management in commercial banks listed at the ASE through its role in the structure of risk management and strategy review.

Objectives of the study

This study seeks to achieve the main objective of the following:

To identify the role emanating from the Board of Directors according to the Corporate Governance Committees mechanisms in the development of risk management, in commercial banks at the ASE.

The sub-objectives are:

1. Identify the role of the corporate governance committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
2. Identify the role of the corporate governance committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.
3. Identify the role of the audit committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
4. Identify the role of the audit committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.
5. Identify the role of the risk management committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
6. Identify the role of the risk management committee emanating from the Board of Directors in accordance with the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Problem of the study

This study focuses on the role of corporate governance in the development of risk management in commercial banks listed at the ASE, can display study the problem by asking the key question as follows:

Does committees' emanating from the Board of Directors pursuant to the Corporate Governance in development of risk management in commercial banks listed at the ASE.

The sub-questions are:

1. Does the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
2. Does the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.
3. Does the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
4. Does the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.
5. Does the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing the structure of risk management in commercial banks at the ASE.
6. Does the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE.

Research importance

Study importance has concentrated from the importance of the subject. It addressed as first study in Jordanian studies that have issue of the role of emanating from the Board of Directors committees under the corporate governance in the development of risk management in commercial banks listed at ASE. Also because of the lack of studies that examine the theme of governance and risk management.

These committees should be under the corporate governance issued by the Central Bank of Jordan Law No. 76 of 2007. Also the development of risk management, through the structure of risk management and a review of its strategy in order to continue to develop its business and promote them.

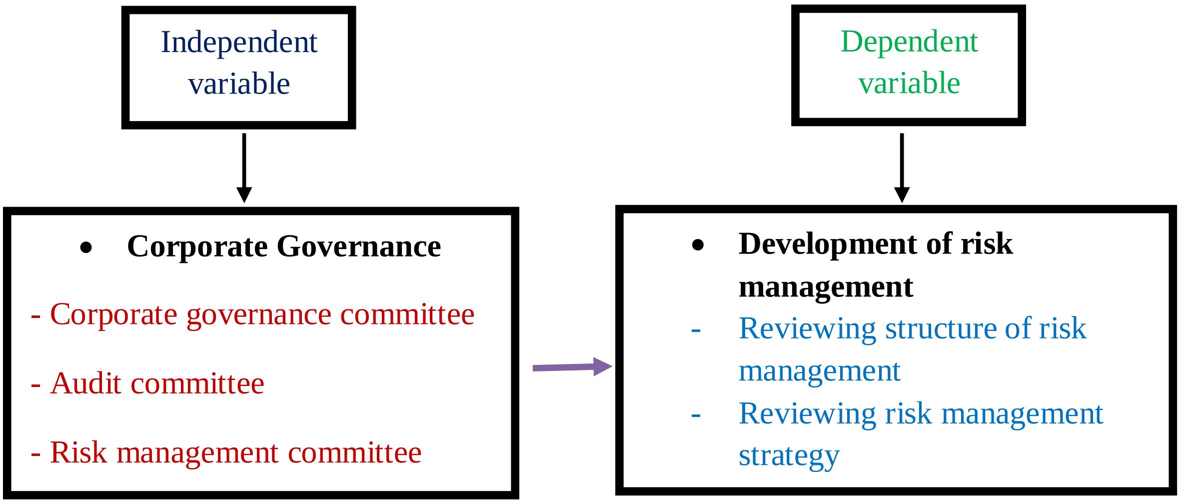
ISSN 2054-6319 (Print), ISSN 2054-6327(online)

RESEARCH MODEL & HYPOTHESE

Research Model

The model of the study is below in figure 1:

Figure (1) Research Model



Research Hypotheses

This study aims to test the main hypothesis that **"the committees emanating from the Board of Directors have not acting according to the Corporate Governance to develop risk management to commercial banks listed at the ASE".**

The sub-hypotheses were as follows:

Ho_1: The governance committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE.

Ho_2: The governance committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Ho_3: The audit committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE.

Ho_4: The audit committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Ho_5: The risk management committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Ho_6: The risk management committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Previous studies

Meadhoun study, (2011), entitled "The Role of the Internal Auditor in the activation of risk management in the operating banks in the Gaza Strip; A Case Study in the Gaza Strip".

This study aimed to identify the role of the internal auditor in the activation of risk management in operating in the Gaza Strip banks. A review of the concept of internal audit in banks, its importance, its objectives, principles, and then to address the role of the internal auditor in the risk management in banks. It has used descriptive approach analytical to conduct the study through the collection of data from primary sources, and secondary where a questionnaire prepared specifically for this purpose were distributed to the school community reached auditor numbering 50 persons in operating in the Gaza Strip, banks, and use statistical analysis software SPSS in data analysis. It has recommended action to strengthen the elements of the independence of internal auditor to be able to perform his duties. As well as increased coordination between the internal auditor and risk management in banks, and work to enhance the skill and knowledge of auditors to enable them to perform their work effectively in the field of risk management.

We conclude from this study the importance of strengthening the skill; knowledge and independence internal auditors have to be able to carry out their duties effectively in the Risk Management Department.

Alqtawunh, study, (2011) entitled "The availability of the dimensions of corporate governance characteristics and their impact on work motivation in commercial banks operating in Jordan".

The purpose of this study was to determine the availability of governance characteristics, and their impact on work motivation among workers in the commercial banks operating in Jordan, this study has based on descriptive and analytical approach and library method. By depending on to Arab sources and foreign references in order to construct a theoretical framework for the study. It used to collect the data by survey method, to achieve the objectives of the study. A questionnaire for the purpose of data collection, and distributed to a sample of 304 respondents were statistically analyzed to test the validity of hypotheses and answer questions. The study came to several conclusions:

- The respondents' perceptions of the dimensions of governance characteristics came highly and their perceptions of the dimensions of work motivation also came highly.
- The existence of the effect of the dimensions of governance in work motivation by the respondents in the commercial banks operating in Jordan.

The study recommended the need to adopt the commercial banks operating in Jordan departments of the concept of corporate governance, and strengthen its dimensions, and that those managements are convinced of the importance of such rules, and regulations, helping to implement through a holistic effort scheme.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

This study concludes importance of corporate governance characteristics of their impact on work motivation among workers in commercial banks.

Latiefa study, (2012), entitled "The role and place of risk management in the economic status of the institution of cement and its derivatives, Case study in the province of Saeeda in Algeria".

This study aimed to clarify the theoretical side, and through knowledge of the steps of risk management and tools to understand foundations, and the various rules that govern. In addition to highlighting how the Algerian economic enterprise dealing in Saeeda province with various risks. Also emphasizes the need for a management specialized; basic risk management in the economic structure of the organization and function. While the practical side of this study has aimed to trying to show the extent, that cement enterprise in Algeria manage its interest in risk management.

The researcher has followed two major approaches; which are analytical approach, and the descriptive approach. The researcher has collect information and data that helps to describe the studied problem, and access to specific results in accordance with the assumptions involved. Also adopted to conduct personal interviews as well as the preparation of a questionnaire especially for the study.

The results of this study showed the important role of risk management is to ensure the survival and continuity of the institution under accelerated environmental conditions. This study concludes that the risk management of the institution to ensure survival element, and continued development of the fact that risk management is to maintain the survival of resources, and the continuation of life in these institutions, and the safety valve for the continuation and development.

Tomar & Bino Study, (2012) entitled "Corporate Governance and the performance of the Jordanian banks".

This study aimed to the statement of the impact of corporate governance of stock ownership structure, the nature of the board members, and the number of board members. The sample consisted performance of 14 Jordanian banks for the period between 1996 and 2007. The regression analysis has used to examine this relationship. The study found that there is a positive relationship between the stock ownership structures, the nature of the board members. While the study did not show the existence of any relationship between the number of board members, and the performance of those banks. The study concludes that there is a positive relationship between impacts of corporate governance of stock ownership structure, the nature of the members of the Board of Directors.

Ahlash Study, (2013), entitled "the role of the accounting and financial information on liquidity risk management, applied study on commercial banks operating in the Gaza Strip".

This study aimed to show of the importance role of accounting and financial information for liquidity risks management in commercial bank. To identify the most important tools used in measuring and estimating the liquidity and the role of control bodies in the follow up of liquidity risk. Therefore, to highlight on the commercial banks performance and its functions in order to address those risks they may exposed to commercial banks and reduction. The importance of this study by enriching scientific knowledge, the process within the banks, and

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

the community about the stability of the liquidity risk. The researcher used the descriptive and analytical approach to make the necessary treatments. In addition to test hypotheses through SPSS, program. The study found a range of results, including:

- Senior management and control bodies follow up reports, monitored periodically to help detect deviations relating to the status of liquidity, and corrected.
- Create a central unit effective for risk management, especially liquidity risk. This can reached from a good information system to measure liquidity requirements identified, internal controls, and periodic review of the practices of liquidity management, control and financing needs, and develop a set of indicators to assist in the early identification of liquidity problems. Finally, the public disclosure of through the periodic reports that serve all categories of beneficiaries.

It can conclude from this study, important tools used in risk measurement and the need to create a central unit effective and important concern to risk management.

This study is an update of previous studies relevant, on the subject of risk management. In light of institutional control, and approach of ideal accounting, the necessary requirements for risk management. The availability of the dimensions of corporate governance characteristics. Their impact on work motivation in commercial banks, the role of credit risk management in commercial banks and its impact. The quality effects of corporate governance for its report on internal controls deficiencies prior to the Act (Sarbanes Oxley), the role of corporate governance and corporate performance as well as evaluating the credit risk. Also showed the role of internal audit in the activation of risk management performance.

LITERATURE REVIEW

Corporate Governance becomes the most important topics to the local and international level. It has now an important role in the economic and development success, especially with the advent of globalization. Therefore, intense competition among nations, big and economic openings, so it contributes to corporate governance in enhancing confidence in the economy of any country. This confirms the commitment of those departments the rules of transparency, disclosure and good governance, because governance is a planning and construction, organization and control activities and the completion of the plans subject in order to achieve the specific goals of the institution. (Shahwan, 2013).

The corporate governance system needs a good level of disclosure, and information sufficient to eliminate the disparity of information between all parties, in order to achieve a balance between the powers of the stakeholders in the company, which makes corporate insiders (i.e. management) accountable for their actions (Shah, et al., 2009).

Financial crisis and corporate governance has been closely associated where it has found by the economic literature that the Depression in 1929: the crisis of Black Monday in 1987 and the Asian crisis in 1997, the financial crisis in 2008 are all put forward the concept of control that has evolved to take the concept of governance.

Fama E.F (1980) mentioned to the agency problem, as pointed out the inevitability of conflict occurrence of the company when there is a separation between ownership and management.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

In 1985, the Tread ware Committee has established with the financial crisis in the field of saving the American and loan institutions. It represents a primary role in determining the major causes of poor facts represented in the financial reports, and make recommendations about reducing the occurrence. It includes in its report in 1987, the need for a sound control environment, and committees independent audit, internal audit and more objective, are calling for the need for disclosure of the effectiveness of internal control. (Abu Zyr, 2006, p. 34).

In 1992, the London Stock Exchange Commission to form Cadbury Committee on the impact of the financial crisis that have rocked companies in Britain during the period between the eighties and nineties. Which led to the loss of trust between the shareholders, the banks on the one hand and between the companies on the other hand. There is widespread concern on investments, and mixed with the Commission internal control system in order to prevent or reduce the occurrence of such large losses in the companies. (Said, 2005).

Matar and Nour (2007), have mentioned that the companies attention, and legislature in the developed countries of the world was bigger and faster than in the economies of developing countries. They release of a number of laws, regulations, and procedures in developed countries such as the Sarbanes- Oxley Act (2002).

The Organization for Economic Cooperation and Development (OECD) is the founder of Corporate Governance. In 1998, council requested the Organization for Economic Cooperation and Development in the organization that the organization in conjunction with the national governments to the members of the organization and other international organizations. The private sector have to develop a set of principles and guidelines for corporate governance. It also take advantage of effortless number of non-member countries in the organization in addition to the effort of the World Bank, the International Monetary Fund. The business sector and other parties on the subject of corporate governance, the issuance of principles in 1999. Moreover, the longer these principles as the basis for countries, companies when developing foundations appropriate for the application of the concept of corporate governance (Al-Kassar & Al-Nidawiy, 2014).

After the financial collapses of major U.S. companies in 2002, the Sarbanes-Oxley Act were issued, which focused on the role of corporate governance in the elimination of financial and administrative corruption faced by many companies. Therefore, non-executive directors on the boards of companies can do that through activating of the role, which play. In addition, focus on the need to be the majority of the members of the Board of Directors of the non-executive members. With a clear definition of responsibilities within the Board of Directors or its committees inside like the Audit Committee, and remuneration Committee and the Finance Committee (Al-Kassar & Al-Nidawiy, 2014).

The Central Bank of Jordan issued a guidance booklet for institutional control to the members of the boards of the banks managements in 2004. The aim of creating a banking system that works efficiently and competitive. It is committed to international standards of risk management, institutional control in line with the laws and regulations in force, and capable of meeting the credit needs of the local economy. Thereby contributing to promoting economic development in the Kingdom (Central Bank of Jordan, institutional control, 2004).

Definition of Corporate Governance

The term Corporate Governance has a scientific translation, which is "the practice of good governance powers style." (Abdel Wahab and Shehata, 2007, p. 17).

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Definitions provided by other researchers were numerous on the definition of corporate governance according to the different points of perception. Where it has defined by the Central Bank of Jordan in 2007, the Corporate Governance Code: as a set of relationships between the company's management and board of directors, shareholders, and other stakeholders. With an interest in the company, as it between the composition of that show in which the company's objectives and the means of achieving those goals, and monitor their achievement. It is offering each of the board of directors, and the company's management the right incentives to reach the goals that are in the interest of the Company, and facilitate the creation of an effective monitoring process, and helps companies to exploit their own resources efficiently. (Corporate Governance for banks guide in Jordan No. 76 of 2007).

On the other hand, corporate governance has defined as "the means to ensure that the community should be concerned with the company's management to the interests of the parties concerned that her". (Al-Ghazzawi, 2010).

The Organization for Economic Cooperation and Development (OECD) knew Corporate Governance "as a set of relationships among those in charge of the company's management and board of directors, and shareholders, and others who are involved in the company." (Yousef, 2007).

Through previous definitions, the researcher conclude the following characteristics Corporate Governance:

1. Corporate Governance confirms the adequacy of the controls to avoid risks, which helps in keeping the value of the banks and achieve their goals.
2. Check the Corporate Governance balance in the contractual relations between the company's management, and other parties.
3. To considers corporate governance system through which the corporate management, and control of its business and its strategy.
4. Corporate Governance is a set of interconnected relationships with each other and are in the company's management, board of directors, and shareholders.
5. Corporate Governance means to monitor the company's management performance, and the performance of its management system, lack of conflicts of interest between the company management and the Board of Directors.
6. Corporate Governance has a feature control of the Governing Council on the work of the executive departments.

The framework of corporate governance of commercial banks

There are seven linked to the institutional and governance are essential components. The framework for them to include accurate disclosure, all significant matters related to the commercial banks and with regard to operational performance, and financial performance, and cash, and financial position to them, and other aspects related to the members of the Board of Directors and senior management, namely: (Najem, 2013):

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

1. Risk management and performance: her ability to know the facts and matters that affected the achievement of strategic objectives, and has considered responsible for the follow-up and see things and events in order to address the expected risk.

2. Transparency means clarity, accuracy and fairness of the procedures and instructions of the company's management and the delivery of information to all relevant parties to fully and properly.

3. Monitoring: The audit committee monitors the business through the availability of the right environment and the right to follow-up reports, and ensure the implementation of the recommendations and proposals contained in the reports; by management and to reduce the risks, and protection of investments.

4. Independence: working to reduce conflicts of interest, through the independence of the committees and boards of directors and auditors.

5. Ethical behavior: the company should have the values and ethics of a high level of ideal behavior.

6. Financial reporting: For each of the financial reporting, internal audit reports, and external, risk management, and the estimated budget, and all the financial policies.

7. Law and Justice: The mean recognition of the rights of all parties and interests as well as the interests of the minority.

The role of the Central Bank of Jordan in the application of corporate governance in commercial banks

The status of the regulatory rules only in commercial banks does not guarantee the success of the Corporate Governance unless the regulatory rules have applied properly and effectively. Therefore, the success of corporate governance in commercial banks is largely dependent on the central bank, and its supervisory role, and effective oversight on the one hand, and on the banks concerned on the other hand; therefore, the central bank's important role in promoting corporate governance at commercial banks.

Where the focus of mechanism of the internal corporate governance of banks and effectiveness. It take the necessary measures to achieve the objectives of the Bank, procedures mechanisms consisting of Corporate Governance of the Board of Directors. It gives the Board of Directors all practices of corporate governance sound and their applications. In accordance with the legislation that the bank's business control and the instructions of the Central Bank of Jordan. The international best practices contained in the recommendations of the Basel Committee on corporate governance and corporate governance guide to banks in Jordan. In addition to the application of the requirements of the regulatory authorities and instructions in the other State in which it operates (Corporate Governance for banks in Jordan guide No. 76 of 2007). The guide mentioned relevant committees at commercial banks, namely:

1. Corporate Governance Committee of commercial banks.

2. The Audit Committee.

3. Risk Management Committee.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Risk Management Center

Risk management is an essential part of institutional control, which can be defined "as a system through which guide the activities of the organization, and control of the highest level in order to achieve their goals, and meet the necessary standards of responsibility, integrity, and transparency." (Radwan 2012). The corporate governance of banks in Jordan guide No. 76 of 2007, the management of risks in banks' tasks and responsibilities are clearly. The researcher is studying the development of risk management through a structural study of the risk management and risk management strategy, according to the following:

1. The structure of risk management.
2. Risk Management strategy.

Corporate governance mechanisms and their role in the development of the Risk Management Department

The Board of Directors at each bank act by a decision of the Corporate Governance in Jordan No. 76 of 2007. The formation of committees emanating from the Council and its members, non-executive directors. These are a committee governance, the Audit Committee, and Risk Management Committee. These committees are represented through a mechanism which corporate governance applying its policies, and procedures. Regarding the development of risk management in the bank through a structured risk management review, and a review of the risk management strategy, the researcher presented the role of each of the committees on these tasks.

PRACTICAL STUDY& STUDY INSTRUMENT

After completion of the study to determine problems and hypotheses, the researcher prepared a questionnaire study. It covers all variables of model study, which included a questionnaire study in its final form to the following:

Data collection

It has been to rely on two sources of data collection are:

A) Secondary sources: where they were collecting information and data from the study by reviewing the literature study theoretical and field studies related to the study by reviewing books and research journals published, in addition to the use of the Internet.

B) Primary sources: the researchers used the field survey of Jordanian commercial banks, to learn about the availability of the concept of corporate governance. In addition to the concept and knowledge to the development of risk management in commercial banks listed at ASE.

The researcher prepared a questionnaire study, which included all aspects of the study and its hypothesis. It consists of two parts:

The first part includes the study objectives and scope, as well as data related to general information about the research sample study, as well as private information concerning individual's sample.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Part II: It has designed to measure the independent variables.

Test of Questionnaire

After researcher finished the initial design of the questionnaire, in order to ensure its relevance to collect the required data. It has subjected to test the honesty validity in order to ensure that the measurement tool to measure precisely and clearly defined concept and not any other concept. Where the questionnaire has presented to a group of arbitrators, professors in scientific methodology, and in management science in general, and some practitioners, providing them with the problematic of the study was to apprise them. The researcher asked everyone to express an opinion about the clarity of the questions and phrases suitability for the purposes of the study.

The limits of the study

Location limit: This study has conducted at commercial banks listed at ASE.

Human limit: The study sample was limited to members of the governance committees, the audit committees, and the committees of risk management in commercial banks listed at the ASE.

Time limit: This study has conducted in the period from the February 1, 2014 to June 1, 2014.

It was used a comprehensive exclusive to sample study. It includes the members of the committees of governance, the members of audit committees, and members of the committees of risk. The questionnaire distributed to total of (112) members. The 83 questionnaire have returned in a ratio of 74%. It was excluded six questionnaires not complete. Thus, 77 questionnaire have subjected to analysis at 93% of the questionnaires recovered as in table (1).

Table (1) Valid, collected, and distributed questionnaires

Distributed	Collected	Respond rate	Valid Questionnaires	Percentage of valid Questionnaires
112	83	74%	77	93%

After the completion of the identification of the study sample, questionnaires distributed to them, to determine the percentage of them recovered, and the percentage of valid questionnaires for statistical analysis. As shown in Table (2) as follows:

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Table (2) Describe the characteristics of the study sample:

DESCRIBTIVE	NUMBER	DISTIRBUTION	
Sex	76	Male	98.7%
	1	Female	1.3%
Scientific Specialization	1	PhD	1.3%
	16	Master	20.8%
	60	University degree	77.9%
Experience	3	5 less than10 years	3.9%
	8	10 less than 15 years	10.4%
	66	15 year and more	85.7%
Specialization	Finance &Banking	11	14.3%
	Accounting	23	29.9%
	Business Administration	12	15.6%
	Others	31	40.3%

The researcher design a questionnaire as required by the variables of the study. It covered hypotheses that have based on them, and the use of evaluative statements to determine the importance of the sample answers, the study included a tool finalized following sections:

The first part includes the study objectives and scope, as well as data related to general information about the research sample, as well as private information concerning individual's sample (see Table2).

Section II includes a set of questions related to the knowledge of the views of the study according to the following:

1. The role of the Committee on Governance in the development of the Risk Management through:

•Structural Risk Management review (questions 1-15).

•Review of the Risk Management strategy (questions 16-32).

2. The role of the Audit Committee in the development of the Risk Management through:

•Structural Risk Management review (questions 33-51).

•Review of the Risk Management strategy (questions 52-64).

3. Role of the Risk Management Committee in the development of the Risk Management through:

•Structural Risk Management review (questions 65-81).

• Review of the Risk Management strategy (questions 82-101).

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Study Instrument scale

Five points Likert scale has been selected, for being one of the most metrics used to measure the opinions and responses, due to its ease of understanding , indicates where the study sample under test for the extent of their agreement for each paragraph of the questionnaire as follows:

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
5	**4**	**3**	**2**	**1**

A scale has adopted to measure of the degree evaluation of the study sample with the principles of corporate governance. It has divided into three levels. Where the calculated cut-off grade and by dividing the product of the difference between the highest value of the scale (5) and the lowest value in it (1) at three levels, namely, that the cut-off grade are as follows:{(5-1) ÷ 3 = 1.33}.

Thus, the three levels as follows:

A - Low degree of agreement (1 - 2.33).

B - The degree of agreement Medium (2.34 - 3.67).

C - A high degree of agreement (3.68 - 5).

Statistical Techniques

The researcher from the process of collecting data on variables model study entered the data for Computer -program for extracting statistical results needed. It was drawing on some statistical methods available in software packages Statistical Social Sciences (SPSS), in order to process the data that have obtained through the study field of the surveyed sample; specifically the researcher used statistical methods the following:

1- Cronbach's alpha coefficient: it used to test the reliability tool to study under which the data are collected. In other words, it used to test internal consistency of the paragraphs of the questionnaire.

2- Frequencies and percentages: they used to identify the characteristics of the study sample of commercial banks listed at ASE.

3- Mean: it used to identify the level of severity of the answer to the sample of the study of commercial banks listed at ASE.

4- Standard deviation: it used to determine the dispersion of the study sample answers from the values of the arithmetic average.

5- T Test: This test has used to determine the role of corporate governance in the development of risk management in commercial banks listed at the ASE.

Test hypothesis and discussion the results

Table (3) shows the averages, and standard deviations results of the sample study.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

The results indicated in table (3) below that all the averages calculated for the role emanating from the Board of Directors committees is the biggest test of the standard (3) out of (5) degrees. These results indicate that the level of assessment of the study sample in commercial banks listed at the ASE to the role of the sub- committee of the Board of Directors in the development of risk management was positive, and to varying degrees between medium and high from the viewpoint of the study sample.

Table (3) Mean & Standard Division for Committees emanating from Board of Directors

No.	The role of Committees emanating from the Board of Directors	Mean	SD
1	The role of the Committee on Governance for Structural Risk Management review	3.65	0.63
2	The role of the Committee on Governance for Review of the Risk Management strategy	3.92	0.36
3	The role of the Audit Committee for Structural Risk Management review	4.33	0.28
4	The role of Audit Committee for Review of the Risk Management strategy	4.26	0.30
5	The role of the Risk Management Committee for Structural Risk Management review	4.19	0.28
6	The role of Risk Management Committee for Review of the Risk Management strategy	4.01	0.28

Test hypothesis

It has seen from the results in Table (4) below that all the values of (Z) calculated for variables study is less than the value of (Z) from table amounting to (1.96). Therefore, all values of the significance level is greater than the level of significance (**α=0.05**). This indicates that the data follow a normal distribution, making it ready for statistical analytical tests.

Table (4) Normal distribution test (1-Sample Kolmogorov-Smirnov)

No.	The role of Committees emanating from the Board of Directors	No of Questions	Z Score	Significance Level
1	The role of the Committee on Governance for Structural Risk Management review	15	0.987	0.295
2	The role of the Committee on Governance for Review of the Risk Management strategy	17	0.632	0.820
3	The role of the Audit Committee for Structural Risk Management review	19	0.478	0.976

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

4	The role of Audit Committee for Review of the Risk Management strategy	**13**	**0.737**	**0.648**
5	The role of the Risk Management Committee for Structural Risk Management review	**17**	**0.802**	**0.541**
6	The role of Risk Management Committee for Review of the Risk Management strategy	**20**	**0.550**	**0.623**
All Questions as a whole		**101**	**0.567**	**0.605**

In order to test the hypotheses of the study the answers of study sample have subjected to (t) test at the level of (0.05) and pursuant to the following decision rule for this test:

Reject the hypothesis of nihilism if (t) is greater than the calculated value and equal (2), or if the level of significance ($\alpha \leq 0.05$). In addition, accept the hypothesis of nihilism if the value of (t) is smaller than the calculated value and equal to (2) or if the level of significance ($\alpha > 0.05$). According to that, the results of hypothesis are as follows:

Test of First sub-hypothesis (**Ho_1**)**:** The governance committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (5), which shows the views of the study sample in the role of the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

Table (5) Test results (One sample t- test) for the role of governance committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

Mean	**SD**	**T-test**	**Significance Level**	**Results**
3.65	0.63	9.068	0.0000	Reject

Generally found to be the mean of all the questions of the role of the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE equal to 3.65. The value of t calculated equal to 9.068, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the Corporate governance Committee emanating from the board of Directors pursuant to the corporate governance in the structural reviewing of risk management included to commercial banks ASE at the level of significance ($\alpha \leq 0.05$)".

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Test of Second sub-hypothesis (Ho2): The governance committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (6), which shows the views of the study sample in the role of the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Table (6) Test results (One sample t- test) for the role of governance committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing of the risk management strategy to commercial banks listed at the ASE.

Mean	**SD**	**T-test**	**Significance Level**	**Results**
3.92	0.36	22.671	0.0000	Reject

Generally found to be the mean of all the questions of the role of the corporate governance committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE equal to 3.92. The value of t calculated equal to 22.671, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the Corporate governance Committee emanating from the board of Directors pursuant to the corporate governance in reviewing risk management strategy included to commercial banks ASE at the level of significance ($\alpha \leq 0.05$)".

Test of Third sub-hypothesis (Ho3): The audit committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (7), which shows the views of the study sample in the role of the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

Table (7) Test results (One sample t- test) for the role of audit committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

Mean	**SD**	**T-test**	**Significance Level**	**Results**
4.33	0.28	25.474	0.0000	Reject

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Generally found to be the mean of all the questions of the role of the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE equal to 4.33. The value of t calculated equal to 25.474, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the audit committee emanating from the board of Directors pursuant to the corporate governance in the structural reviewing of risk management included to commercial banks ASE at the level of significance ($\alpha \leq 0.05$)".

Test of Fourth sub-hypothesis (**Ho**$_4$): The audit committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy in commercial banks listed at the ASE in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (8), which shows the views of the study sample in the role of the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Table (8) Test results (One sample t- test) for the role of audit committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Mean	**SD**	**T-test**	**Significance Level**	**Results**
4.26	0.30	23.323	0.0000	Reject

Generally found to be the mean of all the questions of the role of the audit committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE equal to 4.26. The value of t calculated equal to 23.323, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the audit committee emanating from the board of Directors pursuant to the corporate governance in reviewing risk management strategy included to commercial banks ASE at the level of significance ($\alpha \leq 0.05$)".

Test of Fifth sub-hypothesis (**Ho**$_5$): The risk management committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing the structure of risk management to commercial banks listed at the ASE in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (9), which shows the views of the study sample in the role of the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Table (9) Test results (One sample t- test) for the role of risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE.

Mean	SD	T-test	Significance Level	Results
4.19	0.28	22.733	0.0000	Reject

Generally found to be the mean of all the questions of the role of the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in the structural reviewing of risk management to commercial banks listed at the ASE equal to 4.19. The value of t calculated equal to 22.733, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the risk management committee emanating from the board of Directors pursuant to the corporate governance in the structural reviewing of risk management included to commercial banks ASE at the level of significance ($\alpha \leq 0.05$)".

Test of Sixth sub-hypothesis (**Ho_6**): The risk management committee emanating from the Board of Directors **has not acting according to** the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE in the level of significance ($\alpha \leq 0.05$).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (10), which shows the views of the study sample in the role of the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Table (10) Test results (One sample t- test) for the role of risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE.

Mean	SD	T-test	Significance Level	Results
4.01	0.28	18.805	0.0000	Reject

Generally found to be the mean of all the questions of the role of the risk management committee emanating from the Board of Directors pursuant to the Corporate Governance in reviewing risk management strategy to commercial banks listed at the ASE equal to 4.01. The value of t calculated equal to 18.805, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than ($\alpha \leq 0.05$). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "the risk

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

management committee emanating from the board of Directors pursuant to the corporate governance in reviewing risk management strategy included to commercial banks ASE at the level of significance (α≤0.05)".

Testing of the main hypothesis

To test the main hypothesis, which is, **"the committees emanating from the Board of Directors have not acting according to the Corporate Governance to develop risk management to commercial banks listed at the ASE"** in the level of significance (α ≤0.05).

To test this hypothesis, the researcher using t-test for each sample, and the results shown in the table (11), which shows the views of the study sample in the role of the committees emanating from the Board of Directors have not acting according to the Corporate Governance to develop risk management to commercial banks listed at the ASE.

Table (11) Test results (One sample t- test) for the role of the committees emanating from the Board of Directors pursuant to the Corporate Governance to develop risk management to commercial banks listed at the ASE.

Mean	SD	T-test	Significance Level	Results
4.08	0.18	32.531	0.0000	Reject

Generally found to be the mean of all the questions of the role of the committees emanating from the Board of Directors pursuant to the Corporate Governance to develop risk management to commercial banks listed at the ASE equal to 4.08. The value of t calculated equal to 32.531, which is greater than the value t scheduled which is equal to (2). The level of significance equal to (0.000) which is less than (α≤0.05). Therefore, rejected the hypothesis of nihilism, and accept alternative hypothesis, namely that "**the committees emanating from the board of Directors have acting according to the corporate governance to develop risk management included to commercial banks ASE at the level of significance (α≤0.05)**".

CONCLUSIONS

The research conclude that: The results indicated that the Committees emanating from the Board of Directors pursuant to the Corporate Governance based on both the structural risk management review and reviewing risk management strategy included at commercial banks listed at the ASE are moderately. The results of the study showed that more role emanating from the Board of Directors pursuant to the Corporate Governance committees to develop risk management in commercial banks listed at the ASE, the Audit Committee, followed by the Risk Management Committee, and finally the Corporate Governance Committee.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

RECOMMENDATIONS

According to the results that have reached by the theoretical framework for the study. As well as the reality of the statistical analysis of the data, it can propose the recommendations:

All commercial banks listed at the ASE have attention to constitute committees emanating from the Board of Directors pursuant to the Corporate Governance committees. In addition, acting to develop of risk management in commercial banks listed at the ASE. Commercial banks should give more attention to the role of committees, which earned lowest ratios to develop risk management in banks, specially, Corporate Governance Committee in reviewing risk management policies periodically in commercial banks. Also, ensure Corporate Governance Committee of the separation of functions and powers between the Board of Directors, risk management, and delegation of the authorities to the committees at commercial banks.

REFERENCES

Abu Zyr, Afaf. (2006). "A proposed strategy for improving the effectiveness of corporate governance in the Jordanian banking sector, a message unpublished Doctoral Thesis, Amman Arab University, Amman, Jordan.

Ahlash Nasr, (2013) "The role of the accounting and financial information on liquidity risk management, applied study on commercial banks operating in the Gaza Strip". Master Thesis. Faculty of Commerce, the Islamic University, Gaza, Palestine.

Al-Kassar Talal A. & Al-Nidawiy, Mostafa, A., (2014). The Role of Corporate Governance and its impact on the Share Price of Industrial Corporations listed on the Amman Stock Exchange. European Journal of Accounting Auditing and Finance Research Vol.2, No.6. pp. 124-144.

Alqtawunh, Ali, (2011): "the availability of the dimensions of corporate governance characteristics, and their impact on work motivation in commercial banks operating in Jordan". **Studies**, Management Science, Vol. 38, No. 1. Jordan.

Fama, E. F., (1980). Agency problem and the theory of the firm, journal of political economy, Vol. 88, No. 2, p 288-307.

Guide to Corporate Governance for Banks of Jordan No. 76 of 2007, "Central Bank of Jordan", Amman, Jordan.

Latiefa, Abdali, (2012) "the role and place of risk management in the economic status of the institution of cement and its derivatives, Case study in the province of Saeeda". Master Thesis, Abu Bakr University, Algeria.

Maedhoun, Ibrahim, (2011), "the role of the internal auditor in the activation of risk management in operating in the Gaza Strip banks Empirical Study". Master Thesis. Faculty of Commerce, Accounting and Finance Department, the Islamic University, Gaza-Palestine.

Matar, Mohammed & Nour, Abdel Nasser, (2007). "the commitment of the Jordanian public shareholding companies to the principles of corporate governance: a comparative analysis between the banking sector and the industrial", Jordan Journal of Business Management, Vol. 2, No. 1, Amman, Jordan.

Najem, Pan (2013), "the integrative role of internal audit in the effectiveness of institutional control - a prospective study in a sample of Iraqi banks and companies", the Gulf Economy Journal, No. 24, pp16-17.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

OECD (2004), "Principles of Corporate Governance" Available: http://www.oecd.org.

Sarbanes, P. and Oxley, M., "The Sarbanes-Oxley Act". Available: http://www.riahome.com/newlaw/fultext.pdf (2002).

Radwan, Ihab, (2012). "The impact of the internal audit risk management in the light of international auditing standards" (case study of Palestinian banks in the Gaza Strip)" , Master Thesis, College of Commerce, the Islamic University, Gaza, Palestine.

Said, Safa, (2005). "Role of the Islamic approach to increase the effectiveness of corporate governance", the paper presented the fifth conference on corporate governance, Alexandria, Egypt.

Shah, S. Z. A., Butt, S.S. & Hassan, A., (2009). Corporate governance and earnings management an empirical evidence from Pakistani listed companies**,** European journal of scientific research, Vol. 26 No. 4, p624 -628.

Shahwan, Yousef, (2013) "The impact of the application of the principles of corporate governance on the financial performance of the companies listed on the ASE general contribution", Master Thesis, Faculty of Economics and Administrative Sciences, Zarqa University, Jordan.

Tomar, Shorouq and Bino, Adel, (2012): Corporate Governance and Bank Performance: Evidence from Jordanian Banking Industry", Jordan Journal of Business Administration, Volume 8, No. 2, 353-72.

Yousef, Hassan, (2007): "Determinants of governance and standards", Working Paper versions of the Egyptian National Investment Bank, Egypt, pp. 2-9.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)