

-RESEARCH ARTICLE-

THE IMPACT OF THE QUALITY OF FINANCIAL REPORTS OF JORDANIAN PUBLIC SHAREHOLDING COMPANIES ON INVESTORS' DECISIONS

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—Abstract—

Grounded in agency theory, this study examines the relationship between financial reporting quality and investment decisions within Jordanian public shareholding firms. Adopting a deductive, quantitative, and cross-sectional research design, it employs a structured, close-ended questionnaire to gather data from 50 financial analysts and 150 investors. The data analysis is conducted using the PLS-SEM technique. The findings indicate that financial reporting quality—specifically transparency, relevance, and reliability—exerts a significant influence on investment decisions. Notably, relevance and reliability positively impact investment choices, underscoring the critical need for high-quality financial disclosures. These insights contribute to corporate governance literature by emphasising the fundamental role of financial transparency in emerging markets such as Jordan, where regulatory challenges persist. The study presents key implications for policymakers, regulatory authorities, and financial institutions, advocating for enhanced disclosure mechanisms to strengthen investor confidence and market efficiency. It further suggests that Jordanian public shareholding firms must uphold financial information quality, as investors rely heavily on such disclosures when making investment decisions.

Citation (APA): Al-Ramahi, N., Binsaddig, R. (2024). The Impact of the Quality of Financial Reports of Jordanian Public Shareholding Companies on Investors' Decisions. *International Journal of Economics and Finance Studies*, 16(02), 409-427. doi: 10.34109/ijefs.202416220

Keywords: Financial Reporting, Investor Decisions, Jordanian Public Companies, Transparency, Financial Analysis.

INTRODUCTION

Financial markets are integral to enhancing a country's economic stability, as they reflect overall business conditions and play a vital role in attracting investors (Rosita, 2024). Consequently, investment decisions contribute significantly to the development of financial markets (Akinadewo et al., 2023). Moreover, investors' decision-making processes influence the stability and expansion of financial markets across both developed and developing nations (Moridu, 2023). Investment decisions are influenced by a multitude of factors, including both financial metrics and non-financial considerations (Moridu, 2023). Non-financial indicators include aspects such as corporate reputation, brand recognition, and customer satisfaction, whereas financial indicators comprise return on investment, return on equity, and financial reporting, the latter being particularly significant (Khan & Safdar, 2024). Financial reporting enables investors to assess corporate performance, evaluate risks, and project potential returns. Despite its significance, financial reporting quality has primarily been explored in developed economies, with limited research addressing its relationship with investment decision-making in either emerging or developed markets (Le et al., 2024).

In the context of Jordan, several aspects of financial reporting quality have been highlighted in previous research, including transparency, usefulness, and reliability (Alharasis, 2025). Transparency pertains to the comprehensive disclosure of financial information, ensuring that investors have access to accurate data and can effectively assess a company's financial position (Yoro, 2024). It is particularly crucial in emerging markets, where weak regulatory frameworks often hinder transparency, affecting investor confidence. The relevance of financial information refers to the extent to which financial reports provide critical insights into a company's financial health (Le et al., 2024; Maiyarni et al., 2024). Investors' financial decisions are also influenced by the relevance of the disclosed information, as it positively impacts their investment choices (Mohammadiyan, 2024).

When organisations provide relevant information, investors can better anticipate a company's financial health, growth potential, resources, and opportunities, enabling them to make informed investment decisions with minimal error (Piartrini & Putri, 2024). Moreover, reliability pertains to the accuracy and verifiability of financial data, which is particularly crucial in markets where investor confidence is fragile. Reliable financial reporting mitigates uncertainty and enhances accountability (Le et al., 2024). Incorporating these dimensions into this study establishes a comprehensive framework for evaluating financial reporting quality. These factors are essential in ensuring financial information quality; however, few studies have examined the combined effect of transparency, relevance, and reliability on investment decision-making (Martín-

Zamora & Borralho, 2025; Piartrini & Putri, 2024). Additionally, prior research has largely overlooked the impact of these determinants on investment decisions within emerging markets such as Jordan, leaving a significant research gap. The Jordanian financial market faces substantial legal and regulatory challenges, hindering its integration with global financial markets, particularly given the country's reliance on foreign direct investment (Abu Hamour & Malahim, 2023). This study explores the influence of transparency, relevance, and reliability on investment decisions within the Jordanian financial market.

The accuracy of financial data is a crucial determinant in stock market decision-making. Investors can allocate resources more effectively when they have access to reliable financial data, transparent disclosures, and up-to-date financial information. Resource distribution must take this factor into account as a fundamental consideration (Barth et al., 2001; Beest et al., 2009). Researchers have highlighted the global adoption of International Financial Reporting Standards (IFRS) due to their role in enhancing reporting quality, standardising financial disclosures, and simplifying business performance evaluation. The widespread acceptance of IFRS has reinforced its normative status as a universal reporting framework (Alruwaili et al., 2023; Daske & Gebhardt, 2006).

The importance of financial reporting continues to grow in economies experiencing expansion, such as Jordan (Al-Hiyari et al., 2022; Song, 2016). Limited data availability and initially flexible regulatory requirements contribute to this dynamic. The Jordan Securities Commission (2022) expects Jordanian public shareholding companies to adopt IFRS as the standard reporting framework. However, inconsistencies in reporting quality have led to variations in financial reports across firms, creating irregularities that negatively affect capital market performance, reduce investor confidence, and hinder decision-making clarity (Almasria, 2018). The accuracy of financial information serves as a crucial mechanism for mitigating information asymmetry, a prevalent issue in developing economies (Bushman & Smith, 2001). Bridging the trust gap is feasible if companies provide stakeholders and investors with precise, up-to-date financial data regarding their organisational performance (Geng et al., 2023). Investors require access to reliable financial information that accurately represents an organisation's economic reality to make well-informed decisions regarding its long-term sustainability (Lin et al., 2016). Effective financial reporting is essential for fostering market efficiency and facilitating sustainable economic growth (Abdelqader et al., 2022; Kothari, 2001).

Despite its acknowledged importance, the impact of financial reporting quality on investor decision-making in Jordan remains underexplored. Although governance and compliance studies exist, few have examined how specific financial report components influence investor assessments (Al-Debei et al., 2013). This study aims to investigate the factors affecting investment decisions in Jordan, focusing on the transparency, reliability, and relevance of financial reporting. The research seeks to determine how

these elements shape investor choices. To examine the impact of financial reporting quality on market dynamics, this study utilises data collected from investors, analysts, and the financial statements of publicly listed companies in Jordan. The primary objective is to provide insights that support the Jordanian government, regulators, and corporate executives in enhancing reporting standards, thereby fostering greater investor confidence in the national stock market.

Scope of the Study

This study is situated within the fields of financial reporting quality and investment decision-making, with a particular emphasis on emerging economies that are in the process of developing their regulatory frameworks. It explores how investor behaviour evolves in response to transparent financial reporting, which encompasses accurate and relevant information, through an empirical analysis of data collected from financial analysts and investors. Partial Least Squares Structural Equation Modelling (PLS-SEM) is employed as the methodological framework due to its effectiveness in examining complex predictive financial relationships. The findings hold significant relevance for Jordan and other developing economies, where financial reporting standards are still being established, and regulatory inconsistencies undermine investor confidence. Moreover, the study offers insights applicable beyond national boundaries by providing solutions for markets facing similar challenges. The research delivers practical recommendations for government agencies and institutions seeking to enhance corporate governance frameworks and attract investments. It also provides valuable information for scholars, financial practitioners, regulatory bodies, and investors, contributing to the broader understanding of how financial reporting quality can be improved to support informed investment decisions.

Research Questions

This study seeks to emphasise the significance of high-quality financial reporting in investment decision-making by assessing the impact of transparency, relevance, and reliability. The key research questions guiding this investigation are:

- To what extent does financial transparency enhance investor confidence in emerging markets, and how does it influence investment decision-making?
- How does the relevance of financial reporting affect investors' ability to assess corporate financial health and make informed investment choices?
- To what degree do the accuracy and reliability of financial disclosures shape the precision of investment decisions?
- How do transparency, relevance, and reliability influence investment behaviour, particularly in markets facing regulatory challenges?

Research Objectives

This research aims to investigate the impact of financial reporting quality on investors' decision-making. The specific objectives of this study are:

- To examine the effect of financial transparency on investment choices and its role in fostering investor confidence.
- To assess how relevant financial disclosures, enhance investors' ability to evaluate business performance and predict future growth.
- To evaluate how reducing information asymmetry through reliable financial data improves the credibility of investment decisions.
- To explore the influence of transparency, relevance, and reliability on investment behaviour, with a particular focus on regulatory challenges in emerging markets.

THEORETICAL UNDERPINNING AND HYPOTHESES DEVELOPMENT

Agency Theory

This study employs agency theory as a practical framework to explain the relationships between transparency, reliability, relevance, and investment decision-making. Originally introduced by (Jensen & Meckling, 2019), agency theory posits an inherent conflict between principals (investors) and agents (management), where agents are responsible for executing strategies and managing resources to achieve organisational objectives (Le et al., 2024). However, the theory suggests that agents do not always act in the best interests of investors and may compromise financial reporting quality, potentially misleading principals (Jensen & Meckling, 2019). To mitigate such risks, transparency, reliability, and relevance play a critical role in enhancing financial reporting quality, thereby improving the information available for investment decisions (Mohammadiyan, 2024). Transparency reduces discrepancies in financial reports by ensuring clear and comprehensive disclosure, while relevant financial information strengthens investor confidence in an organisation and its corporate governance mechanisms. This, in turn, fosters a stronger relationship between investors and the organisation (Khan & Safdar, 2024).

Transparency and Investment Decision Making

Prior research indicates that a company's financial reporting can influence investment decisions among its peers by reducing uncertainty about investment opportunities. Transparent reporting enhances the assessment of the relationship between innovation and its financial and non-financial implications, minimising informational noise (Piartrini & Putri, 2024). This, in turn, lowers uncertainty regarding the investment outcomes of future technologies built on prior innovations (Yoro, 2024). The credibility of financial reporting is closely linked to investor decision-making and market efficiency. Reliable and transparent financial statements are essential for informed investment assessments, bridging information gaps between management and external stakeholders (Barth et al., 2001). Markets benefit from the combined influence of

reliability, relevance, and transparency, which strengthen investor confidence and decision-making (Ball & Shivakumar, 2005). Developing markets such as Jordan face significant challenges due to stringent yet inconsistently enforced financial reporting regulations. Ambiguous policies, lax oversight, and weak investor protection contribute to reporting irregularities, undermining investor confidence (Abdelqader et al., 2022). In Jordan, financial disclosures serve as the primary tool for evaluating corporate performance, yet public shareholding companies have struggled to fully implement International Accounting Standards (IAS) and IFRS. These deficiencies have eroded trust in Jordan's capital market, leading to unreliable information dissemination and inaccuracies in financial reporting (Al-Hiyari et al., 2022).

Operating under Jordanian governance and compliance standards presents greater challenges for businesses than merely preparing financial reports. Systemic corporate oversight issues are evident in the varying levels of IFRS implementation (Almasria, 2018). Weak regulatory enforcement results in inconsistent application of financial regulations, exacerbating difficulties within the financial system (Jordan Securities Commission, 2022). Extensive research on global investors highlights behavioural shifts in response to accurate financial reporting. Transparency in financial disclosures is crucial for bridging the knowledge gap between stakeholders, particularly in markets with weak institutional frameworks (Bushman & Smith, 2001). For effective risk assessment and performance forecasting, financial reports must provide relevant and up-to-date information (Geng et al., 2023; Lin et al., 2016). The adoption of IFRS has played a crucial role in enhancing the quality of financial reporting globally (Alruwaili et al., 2023; Daske & Gebhardt, 2006). Financial reports can clarify the link between technological knowledge investment and its outcomes, while qualitative investment disclosures and disaggregated revenue and cost data help mitigate investment uncertainty. In uncertain conditions, anticipated financial data from peer organisations prove valuable. Detailed R&D disclosures and granular financial statements enhance transparency, reducing investment uncertainty and supporting informed financial decision-making (Mohammadiyan, 2024). Accordingly, the following hypothesis is proposed,

H1: *Transparency has a significant impact on investment decisions.*

Relevance and Investment Decision Making

The significance of financial information directly influences investor decision-making. Beyond presenting a company's financial position, relevant financial data offers insights into growth potential and resource capabilities (Mirza et al., 2019; Rosita, 2024). Such information fosters investor confidence in making informed investment choices (García del Junco et al., 2013; Garcia, 2013). The study's findings indicate a strong interconnection among factors influencing financial reporting quality. Enhanced disclosure strengthens reporting reliability and relevance by promoting transparency

(Beest et al., 2009). Organisations excelling in one aspect of reporting quality are likely to perform well in others, thereby reinforcing investor trust (Abdelqader et al., 2022). Relevant financial information also facilitates an understanding of a company's future growth objectives, making it a crucial factor for investors. The quality and relevance of financial data are therefore highly valued in investment decisions. Empirical studies suggest a positive correlation between financial information relevance and investor decision-making (Garcia, 2013; Mirza et al., 2019; Rosita, 2024). Accordingly, the following hypothesis is proposed.

H2: *Relevance has a significant impact on investment decisions.*

Reliability and Investment Decision Making

The reliability of financial information is critical for investment decision-making, ensuring accuracy, verifiability, and freedom from errors. Strategic investments necessitate thorough financial report analysis, as inaccurate or falsified data can lead to misguided investment choices and substantial financial losses (Akinadewo et al., 2023; Ghanem & Al-Shammari, 2024; Lichtenberg et al., 2017; Ojomo, 2024). Empirical findings indicate that the enforcement of IFRS significantly influences reporting quality (Song, 2016). While legal adoption of IFRS is mandatory, Jordan faces substantial challenges in its effective implementation (Al-Debei et al., 2013). Reporting inconsistencies heighten investor risk perception and increase uncertainty. Given the limited availability of alternative reliable data, Jordanian investors heavily depend on financial statements, supplemented by market research and independent performance assessments (Al-Hiyari et al., 2022). The reliability of financial information ensures that reports adhere to consistent accounting principles and standards, allowing comparability across firms and time periods (Rosita, 2024). Alongside relevance and transparency, reliability is essential for fostering investor trust. Investors who perceive financial data as reliable can more effectively assess a company's stability, profitability, risk, and growth potential (Ajayi-Owoeye et al., 2022; Lichtenberg et al., 2017; Shakespeare, 2020). Based on the discussion, the below hypothesis is proposed.

H3: *Reliability has a significant impact on investment decisions.*

METHODOLOGY

This research adopts a deductive, quantitative, and cross-sectional design to achieve its objectives. Data were collected through a structured, closed-ended questionnaire, administered using a simple random sampling method among investors and financial professionals. The questionnaire underwent evaluation by three industry experts and two academic specialists to ensure clarity and alignment with the research context. Their recommendations were incorporated into the final version. The dataset comprises 50 investor responses meeting validity criteria and 150 financial analyst responses used

for final analysis. PLS-SEM was employed for data analysis due to its methodological advantages (Hair et al., 2019). This approach facilitates predictive analysis and ensures precise results. Its bootstrapping technique enables robust analysis of small datasets, while its capacity to handle non-normal data is particularly relevant for studies based on cross-sectional or primary sources (Lutfi et al., 2024). Additionally, the limited application of PLS-SEM in corporate governance research enhances the significance and originality of this study's findings (Rouf & Akhtaruddin, 2018).

Conceptual Framework

Building on the preceding discussion and theoretical foundations, the conceptual framework for this study is outlined as follows:

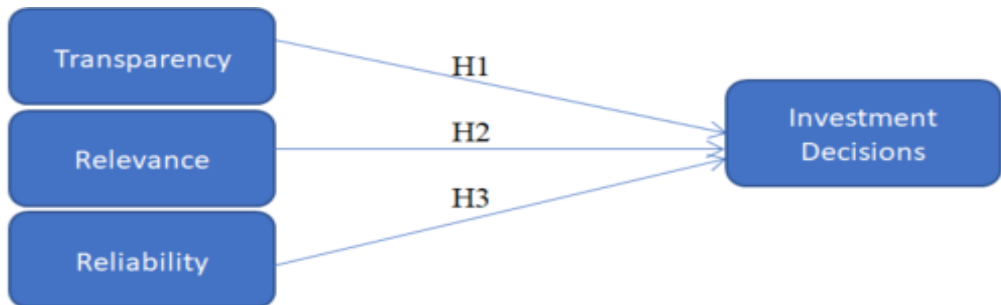


Figure 1: Conceptual Framework

Measurements

The study variables were measured using scales adopted from previous research. A nine-item scale from (Oweis & Dekhili, 2019) assessed transparency in investment decision-making. (Alesaa et al., 2020) used a 5-item scale to assess the reliability of financial reporting, while (Al-Htaybat et al., 2011) used a seven-item scale to measure relevance. A six-item scale was used to measure investment decision-making from (PH & Uchil, 2020). A five-point Likert scale, with 1 denoting "strongly disagree" and 5 denoting "strongly agree," was used to evaluate each variable.

DATA ANALYSIS AND RESULTS

PLS-SEM was employed for data analysis using a two-stage methodology. The initial phase, the measurement model, assesses the reliability and validity of the constructs, whereas the subsequent phase, the structural model, analyses the interrelationships among variables. Table 1 presents the descriptive statistics, indicating that most respondents were investors (150; 75%), while financial analysts comprised 50 (25%). The majority belonged to the 31–50 age group (45%). Table 2 summarises the measurement model results, showing that all factor loadings exceeded the 0.7 threshold, with lower loadings removed (Hair et al., 2019). Additionally, composite reliability

(CR) values for all latent constructs surpassed 0.7, confirming internal consistency in the hypothesised model (Hair et al., 2019).

Table 1: Descriptive Statistics

Variable	Category	Percentage (%)	Frequency
Age	18-30 Years	30	60
	31-50 Years	45	90
	>50 Years	25	50
Role	Financial Analyst	25	50
	Investor	75	150

Convergent validity was assessed using AVE, with all latent constructs exceeding the 0.50 threshold, confirming sufficient validity (Hair et al., 2019). Table 2 presents the reliability and validity test results for the study constructs. CR measured construct reliability, while validity was assessed through factor loadings, VIF, and AVE. Factor loadings indicate the strength of associations between observed variables and latent constructs, with a 0.70 threshold signifying statistical significance (Hair et al., 2019). Table 2 confirms that all factor loadings surpass this threshold, validating the robustness of the indicators for Investment Decision, Relevance, Reliability, and Transparency. The highest factor loading (0.988) corresponds to Transparency (T2), highlighting its dominant role in financial decision-making.

Table 2: Reliability and Validity

Constructs	Items	Item Loadings	CR	VIF	AVE
Investment Decision	IDM 1	0.866	0.931		0.730
	IDM 2	0.774			
	IDM 3	0.870			
	IDM 4	0.905			
	IDM 5	0.852			
Relevance	R1	0.831	0.873	1.295	0.775
	R2	0.927			
Reliability	RELI1	0.898	0.880	1.016	0.712
	RELI2	0.898			
	RELI3	0.723			
Transparency	T1	0.971	0.975	1.297	0.928
	T2	0.988			
	T3	0.930			

CR values confirm strong internal consistency, all exceeding the 0.70 threshold. Transparency shows the highest CR (0.975), indicating strong cohesion among its items. Multicollinearity was assessed using VIF, with all values below the critical threshold of 5. The highest VIF (1.297) corresponds to Transparency, highlighting its key role in investment decisions (Rigdon et al., 2017). Convergent validity is supported, as all AVE values surpass 0.50. Transparency again records the highest AVE (0.928), showing that most of its variance is captured by the construct rather than measurement error. These results confirm the constructs' reliability and validity, justifying their

inclusion in structural equation modelling.

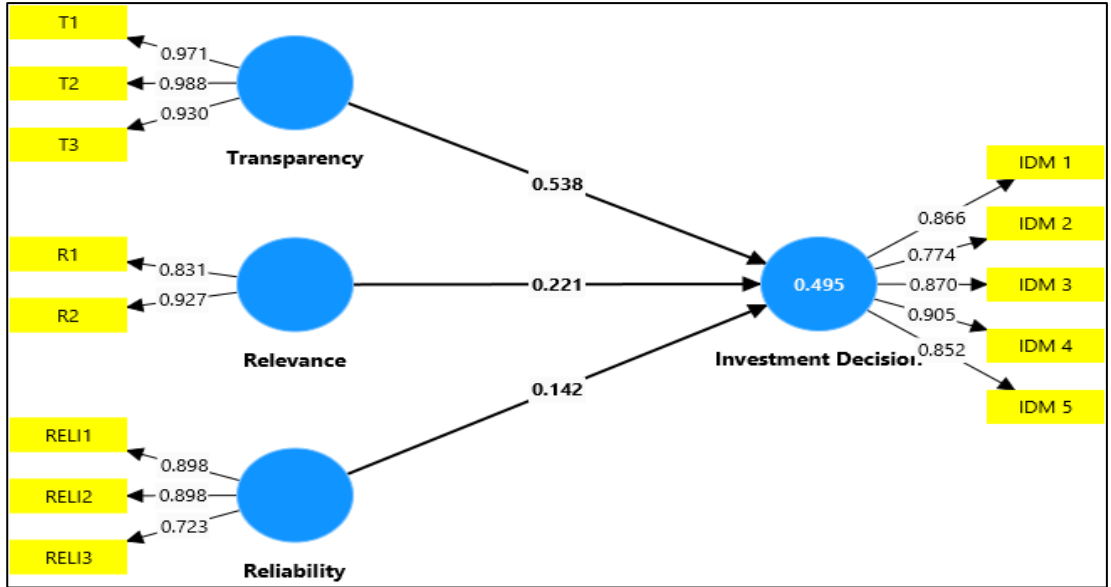


Figure 2: Measurement Model

Figure 2 illustrates the measurement model, depicting the relationships between observed variables and their respective latent constructs. The factor loadings, previously detailed in Table 2, are reaffirmed, all exceeding the 0.70 threshold. Transparency exhibits the highest factor loadings, particularly T1 (0.971), T2 (0.988), and T3 (0.930), reinforcing its pivotal role in Investment Decision. These findings are consistent with (Oweis & Dekhili, 2019), who highlighted that enhanced financial transparency fosters informed investment decisions, mitigates uncertainty, and strengthens investor confidence. The model further underscores the significance of Relevance and Reliability in financial decision-making, albeit with slightly lower factor loadings than Transparency.

Table 3: Discriminant Validity

Variables	Investment Decision	Relevance	Reliability	Transparency
Investment Decision				
Relevance	0.582			
Reliability	0.222	0.232		
Transparency	0.674	0.543	0.099	

Table 3 examines discriminant validity, demonstrating that all latent construct values exceed 0.90, confirming their empirical distinctiveness. Similarly, Table 4 presents the coefficient of determination (R^2), indicating that the R^2 value for Investment Decision is 0.49. This suggests that nearly 50% of the variance in Investment Decision is explained by the independent variables, a substantial level in social science research

(Zeng et al., 2021). Figure 3 illustrates the structural model, depicting the relationships between Transparency, Relevance, Reliability, and Investment Decision. The path coefficients (β values) indicate the strength of these relationships, while the p-values assess their statistical significance.

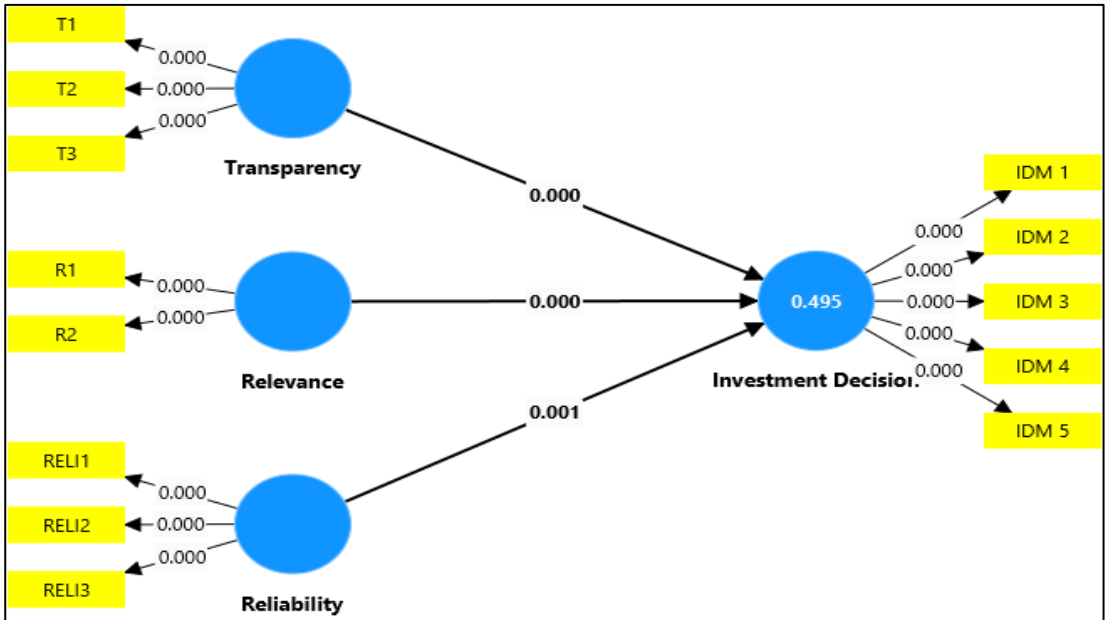


Figure 3: Structural Model

1. Transparency \rightarrow Investment Decision ($\beta = 0.542$, $p < 0.001$)

Transparency exerts the most substantial influence on Investment Decision, with a highly significant path coefficient of 0.542. This result aligns with previous research (Mirza et al., 2019), which underscores that enhanced financial transparency mitigates information asymmetry and strengthens investor confidence. The significance level ($p < 0.001$) confirms that Transparency is a critical determinant of investment decisions, as investors prioritise clear and accessible financial information.

Relevance \rightarrow Investment Decision ($\beta = 0.211$, $p = 0.001$)

Relevance also demonstrates a statistically significant effect, with a positive path coefficient of 0.211. This indicates that financial disclosures must offer meaningful, decision-useful information for investors to evaluate corporate financial health (Salehi et al., 2023). While Relevance influences Investment Decision, its impact is weaker than that of Transparency, suggesting that investors prioritise clarity and openness in financial reports over informational relevance alone.

2. Reliability → Investment Decision ($\beta = 0.146, p = 0.001$)

Reliability exhibits the weakest influence on Investment Decision, with a path coefficient of 0.146. Although statistically significant ($p = 0.001$), this lower coefficient suggests that investors prioritise Transparency and Relevance over Reliability in financial decision-making. Prior research (Ghanem & Al-Shammari, 2024) corroborates this finding, indicating that while reliable financial information is essential, it is not always the most decisive factor in investment choices. The structural model in Figure 3 demonstrates a strong fit, as evidenced by the statistical significance of all path coefficients. The results validate the theoretical framework proposed in this study, highlighting Transparency as the most influential predictor of Investment Decision, followed by Relevance and Reliability. Consequently, Figure 3 provides empirical support that high-quality financial reporting, particularly Transparency, plays a pivotal role in enhancing investor confidence in decision-making.

The R^2 value, which measures the percentage of variance in investment decisions explained by transparency, relevance, and reliability, is shown in Table 4 and evaluates the model's explanatory strength. An R^2 value of 0.495 indicates that these independent variables explain 49.5% of the variation in Investment Decision. In social sciences research, an R^2 value above 0.30 is deemed moderate, while values exceeding 0.50 are considered substantial. This suggests that the model demonstrates strong explanatory power, reinforcing the theoretical assumptions underpinning the study. The Adjusted R^2 of 0.487, which accounts for the number of predictors, remains close to the R^2 value, indicating that all independent variables meaningfully contribute to explaining Investment Decision. This finding supports the premise that Transparency, Relevance, and Reliability collectively shape investment choices. Comparable studies in financial reporting literature (Zeng et al., 2021) have reported R^2 values ranging between 0.40 and 0.55 in models predicting investment behaviour. The R^2 value in this study aligns with prior research, further substantiating the argument that financial disclosure quality significantly influences investment decisions. Therefore, Table 4 confirms the model's strong predictive power and theoretical validity, establishing it as a robust framework for analysing investment decision-making in financial markets.

Table 4: Co-Efficient of Determination

	R-Square	R-Square Adjusted
Investment Decision	0.495	0.487

Table 5 displays hypothesis testing findings, including path coefficients (β), t-statistics, and p-values, evaluating the importance of correlations between Transparency, Relevance, Reliability, and Investment Decision. Path coefficients indicate relationship strength and direction, while t-statistics and p-values establish significance. These results validate the hypotheses and show that financial disclosure attributes affect

investing decisions.

H1: *Transparency has the strongest effect on Investment Decision ($\beta = 0.542$, $t = 7.780$, $p < 0.001$).*

This finding establishes financial transparency as the most decisive factor influencing investment decisions. The notably high t-statistic (7.780) and the exceptionally low p-value (< 0.001) signify a strong level of statistical significance. These results reinforce the notion that transparent financial reporting mitigates investor uncertainty and strengthens market confidence (Mirza et al., 2019).

H2: *Relevance has a moderate effect on Investment Decision ($\beta = 0.211$, $t = 3.200$, $p = 0.001$).*

This implies that investors prioritise relevant financial information when evaluating corporate performance. However, its influence is less pronounced than that of Transparency, suggesting that clarity and accessibility in financial reporting hold greater significance than relevance alone (Salehi et al., 2023).

H3: *Reliability has the weakest effect on Investment Decision ($\beta = 0.146$, $t = 3.353$, $p = 0.001$).*

Although Reliability is statistically significant ($p = 0.001$), it exhibits the lowest path coefficient, indicating that investors place greater emphasis on Transparency and Relevance when making investment decisions. Prior studies (Kumar & Dua, 2022) similarly suggest that investors prioritise accessible and relevant financial information over accuracy alone. The findings support all three hypotheses (H1, H2, H3), confirming that Transparency, Relevance, and Reliability significantly influence investment decisions. Among these factors, Transparency emerges as the most influential determinant of investment behaviour, while Reliability has the least impact. Therefore, Table 5 provides empirical evidence that high-quality financial reporting enhances investor confidence, with Transparency playing the most pivotal role.

Table 5: Hypotheses Testing

Hypo. No	Hypothesized Paths	β	Standard Deviation	T Statistics	P Values	Decision
H1	Transparency -> Investment Decision	0.542	0.070	7.780	0.000	Supported
H2	Relevance -> Investment Decision	0.211	0.066	3.200	0.001	Supported
H3	Reliability -> Investment Decision	0.146	0.044	3.353	0.001	Supported

DISCUSSION

This study applies agency theory to examine the impact of financial reporting quality on investment decisions, focusing on Transparency and its related dimensions, Relevance and Reliability. The findings confirm that Transparency exerts a strong positive influence on investment decisions, supporting H1. This aligns with prior research, which establishes a positive link between Transparency and investment outcomes. Organisations that present financial information transparently are more likely to attract investors, as clear and honest disclosures enhance confidence (Oweis & Dekhili, 2019). According to Yoro (2024), financial data transparency fosters a positive corporate image, strengthening stakeholder trust and facilitating investment decisions in the company's favour.

Similarly, H2 is supported, demonstrating that Relevance significantly influences investment decisions. This finding is consistent with existing literature, which indicates that relevant financial information enhances investor confidence (Mirza et al., 2019; Rosita, 2024). When financial disclosures provide meaningful insights, investors can better assess corporate financial health, predict future performance, and identify trends in profitability and growth (Salehi et al., 2023). Consequently, investors are more inclined to invest in such firms. Additionally, the study confirms H3, establishing that Reliability has a significant positive effect on investment decisions. Reliable data enables investors to accurately evaluate a company's financial position, reducing uncertainty and facilitating informed investment choices (Kumar & Dua, 2022). As a result, investors tend to favour firms that provide trustworthy financial reports (Ghanem & Al-Shammari, 2024).

This study offers several theoretical contributions, particularly in the context of financial markets in emerging economies such as Jordan. Firstly, it is among the few studies to examine the combined effect of Transparency, Relevance, and Reliability on investment decision-making, a relationship that has been largely overlooked in prior literature. Secondly, this research extends corporate governance theory by exploring the role of Transparency, Relevance, and Reliability in investment decision-making within emerging markets. Such economies often face regulatory challenges that hinder the implementation of legal and governance frameworks, creating barriers for both domestic and foreign investors. Understanding these dynamics is crucial for enhancing investor confidence and fostering financial market stability in emerging economies like Jordan.

CONCLUSION AND RECOMMENDATIONS

This study demonstrates that Jordanian investors highly value accurate financial reporting, as its quality directly influences investor confidence and decision-making. The findings indicate that transparency is the most critical factor, as accessible financial information reduces information asymmetry and enhances market trust. Furthermore, the interdependence of transparency, relevance, and reliability suggests that

strengthening one aspect improves overall reporting quality. However, Jordanian public shareholding firms face significant challenges in maintaining high financial reporting standards. Two primary obstacles hinder investor success: inadequate financial literacy and inconsistent IFRS implementation, compounded by insufficient tax regulatory oversight. Since transparency relies on addressing these issues, a well-regulated global capital market requires effective solutions. To improve financial reporting quality, training programmes should be developed to equip financial analysts and report preparers with the necessary skills. Incorporating AI and finance-based software into financial analysis can further enhance reporting accuracy by handling complex technical processes efficiently.

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