

IMPACT OF THE APPLICATION OF NATIONAL INTEGRITY STANDARDS ON THE DISCLOSURE IN THE COUNTRY'S GENERAL BUDGET (THE JORDANIAN PUBLIC SECTOR)

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ABSTRACT

This study aims to contribute in promoting the adoption and application of integrity standards as well as analyze the impact of applying standards of national integrity on the disclosure of the State's general budget in the Jordanian public sector in order to achieve various benefits, namely influencing disclosure and reinforcing integrity standards. The study sample included a number of expertise in the financial control and accountancy in the Jordanian public sector.

The study results showed that the standards of national integrity are well applied with an arithmetic mean of 3.60, at a rate of more than 60% in the Jordanian public sector and to a favorable extent for each standard of the national integrity standards under study. Results also showed that the standards of national integrity have an impact on the State's public budget disclosure in the Jordanian public sector. Integrity standards varied in relation to their impact on the State's public budget disclosure, where the highest was the transparency standard and the lowest the rule of law standard.

Keywords: Standards of National Integrity, Disclosure, Rule of Law, Transparency, Accountability.

INTRODUCTION

Jordan, like other industrial countries, has launched the reform of its public administration. These reforms were a top priority at the political agenda since they aim at developing the public administration structure, which eventually will have a positive impact on the optimization of resources, allocation of public money and providing all citizens and companies with a high and comprehensive quality of services. On the other hand, lack of integrity and transparency affects negatively on the confidence built between citizens and their government. Efforts have been made to boost integrity and transparency, as essential tools to achieve good governance and restore citizens' confidence in governmental institutions.

In this context, the Jordanian government has made big efforts to build its public institutions in line with global practices so as to serve, protect and secure the interests of the citizens. It has initiated reforms that strengthen the capacity of public institutions to improve its services provided to citizens. This requires raising the capacity of ministries and public institutions to best practices. The government of Jordan, under the restructuring of enterprises

and government department's law, has adopted a plan to reduce the size of the government structure. The plan included the cancellation and merger of various government institutions, thus making them more financially effective and efficient. Improving public services and facilitating procedures is governed by the Governmental Services Development legislation No. 64 for 2012. The Jordanian Ministry of Public Sector Development has developed guidelines to more than two thousand governmental services with the aim of integrating the government procedures to better respond to institutions, companies and citizens' needs. Moreover, the Ministry of Communications and Information Technology is implementing the e-government plan that shall allow the provision of about 350 governmental services online in 2019. The Jordanian Ministry of Public Sector Development has also made efforts in the domain of human resources to help it fulfill its role and function as well as finding a solution to the deficit and surplus in the public sector. The government has carried out some amendments concerning the Civil Service System to facilitate the recruitment of qualified personnel and give the senior administration more powers, as well as strengthening the leadership and empowering women in the civil service¹.

To complement the program of public sector reform, a national royal commission adopted the Integrity National Charter in 2013, which included the basic principles and the professional and ethical standards that organize work in the public and private sectors, and promote integrity and transparency. The transparency of the general budget is considered one of the basic factors that enhance the effectiveness of the government taking into account the correlation between the budget information and the understanding and evaluating of the government's work, priorities, policies and programs. Transparency cannot be approached without discussing the right to information access in a declared and easy way in relation to the budget, and related documents so as to evaluate and analyze the government's macro-economy, budget allocations, political programs activities and outputs as well as internal and external accountability. Moreover, there is a need to rules and mechanisms to ensure the general budget information completeness and accuracy in a way that makes it possible to check and compare them, as well as follow-up methods and social participation in the different stages of the budget cycle. Transparency is achieved through involving those concerned in preparing the budget items and disclosure, ensuring flexibility to cope with the changes that may arise.

As a result of the efforts made by the Jordanian government in the domain of administrative reform, the results of the Corruption Perception Index for 2018, issued by the Transparency International, indicate that Jordan ranked fourth, among Arab states, a degree ahead compared to 2017, scoring 49 out of 100. Based on the results by the Corruption Perception, the Transparency International recommended the need to ensure administrative and financial independence of the control and supervisory bodies, media, the Office of Accounting, the Transparency, Integrity and Anti-corruption Commission and the law-execution bodies, and that all legislations shall concord with the UN Anti-corruption agreement. It also recommended reviewing legislations to ensure freedom of expression, the right to information access, prosecuting corruption, disseminating data regarding final accounts, particularly in relation to security, defense and provincial councils budgets, as well as disseminating resolutions regarding assets disclosure electronically, revising legislations concerning ownership, stiffening penalties for non-disclosure of legally required information, and applying proposed data sovereignty on a regular basis. It also recommended that empowerment of the civil society to fulfill its role in promoting accountability².

LITERATURE REVIEW

Gibran (2018), the extent of commitment of government departments in Yemen to the principles of transparency in the preparation of the general budget concluded the lack of commitment of the Yemeni government to the principles of transparency when preparing the general budget. Al-Subaie (2017) aimed to determine the impact applying the principles of transparency in reducing administrative corruption in the financial companies of Saudi Arabia. The study concluded that there is an impact to the application of the principles of administrative transparency in the reduction of administrative corruption. It recommended boosting the application of administrative transparency principles to Saudi financial companies and some other sectors. Al-Kafarni (2016) grasped the impact of social accountability on the Palestinian general budget. It mainly recommended boosting and applying transparency principles and social accountability to the Palestinian general budget since a clear decline in this regard was noticed. Adam (2015) concluded that abiding by transparency principles in the preparation of the general budget would achieve financial stability in countries of the European Union. Sedmihradská (2015) sought to determine the extent to which the principles of transparency were adhered to in the Czech Republic. The study found that there was no commitment to the principles of transparency and recommended the need to such adherence in the preparation of the budget. AL-Tarawneh & Al-Adayleh (2010), aimed to analyze the impact of applying the principles of transparency to administrative accountability in Jordanian ministries. The study concluded that there is an impact in applying the transparency principles to resolution regarding administrative accountability, where there is a difference in the perceptions of the sample individuals regarding the application of transparency by age, administrative level and the academic level. The study recommended promoting the concept of transparency in Jordanian ministries to improve the level of management accountability.

STUDY METHODOLOGY

Public administrative reforms are a high priority in the Jordanian political agenda, especially the proper use, allocation of public money and provision of effective and comprehensive quality services for all citizens and businesses. Countries well know that the proper public administration can lead to a comprehensive growth, which in turn shall have positive impact on the levels of income, jobs and standard of living. The widespread corruption and lack of integrity and transparency harm the citizens` confidence in their government since the principles of transparency and accountability, and ensuring integrity are considered directive principles of the Government`s work priorities for 2019-2020. Transparency in government decision-making mechanisms on the one hand, and applying on-going accountability within constitutional and legal rules, on the other hand, constitute a modern state interdependent principle that guarantees integrity. Transparency, accountability and integrity are the key components for the developmental process.

The Study Hypothesis

The study is based on testing the following hypotheses:

- H_0 There is no statistically significant impact of applying the standards of national integrity on the State`s general budget disclosure in the public sector of Jordan.
- H_{01} There is no statistically significant impact of applying the rule of law standard on the State`s general budget disclosure in the public sector of Jordan.
- H_{02} There is no statistically significant impact of applying the standard of transparency on the State`s general budget disclosure in the public sector of Jordan.
- H_{03} There is no statistically significant impact of applying the standard of accountability on the State`s general budget disclosure in the public sector of Jordan.

The study targeted a sample of expertise in control, accounting and finance in Jordan, who work in government institutions, whether those were practicing the public post at the Office of Accounting, referred to as the control category, or at the different government department, referred to as executive category.

The following Tables 1-3 show the number of questionnaires distributed returned, cancelled as well as sample properties.

TABLE 1 QUESTIONNAIRE STATISTICS								
Questionnaire type	Distributed questionnaires	Recovered questionnaires		Cancelled questionnaires		Valid questionnaires		
Post type	Repetition	Repetition	Percentage	Repetition	Percentage	Repetition	Percentage*	Percentage**
Total	159	62	39%	12	0.07%	85	53%	100%

Table 2 AGE OF STUDY SAMPLE INDIVIDUALS				
Age group	34-25	50-35	50<	Total
Repetitions	25	50	10	85
Percentage	29%	59%	12%	100%

Table 3 EDUCATIONAL LEVEL OF SAMPLE				
Education	B.A.	M.A.	PhD	Total
Repetitions	65	12	8	85
Percentage	76%	14%	10%	100%

The percentage of the study sample respondents, whose age is 35 or more accounted for 71%, indicating the sufficiency and adequacy of the study sample respondents experience and expertise in relation to the subject matter of the study since all of them are university students.

It is noted that the previous indicator shows the sufficiency required. For testing the study hypothesis and concluding results, the researchers have used the following statistical methods: Measures of Central Tendency, Statistical Dispersion while drawing on SPSS.

Testing the Consistency of the Study Tool

The Cronbach Alpha test was used for measuring the study tool (questionnaire). The Cronbach Alpha values indicated a high degree of reliability amounted to (0.85). This value is considered high and reflects sufficient reliability values for conducting such a study, where the accepted rate of the significance on the study tools reliability exceeds 60%.

The questionnaire comprises two axes. In the first, 57 questions were built for the questionnaire, and 16 questions for responding in relation to the general budget disclosure in the Jordanian Public Sector as a dependent variable and 41 questions to define the degree of application of the integrity standard in the Jordanian Public Sector with the aim of analyzing responses to measure the application of the standards of integrity to the Jordanian Public Sector disclosure, as well as the topographic statements to analyze the study sample features.

The Fifth Likert scale was used to define the measurement of the questions contained in the questionnaire.

The arithmetic mean applied is made of 3 degrees, extracted from the values total out of their number, that is, $((5+4+3+2+1)/5)=3$ degrees, and the application percentage of the standard $5/3=60\%$ between the arithmetic mean of the questionnaire statements descending from the top application to the lowest.

The results of the arithmetic mean and the standard deviation, and the ordering for each of the standards were as follows:

Table 4 SHOWS ARITHMETIC MEAN, STANDARD DEVIATION AND RANK OF RULE OF LAW STANDARD			
Standard (Rule of Law Standard)	Arithmetic Mean	Standard Deviation	Order
Legislations are the basic reference for the Public Administration work process	3.82	-0.03	8
Anti-favoritism policies and measures adoption and application, and methods of development.	4.4	0.35	1

Table 4 shows that the statement "*Anti-favoritism policies and measures adoption and application, and methods of development.*" ranked first with an arithmetic mean of (4.4), while the statement "*Legislations are the basic reference for the Public Administration work process*" ranked last among the statements of the rule of law standard with an arithmetic mean of (3.82).

Table 5 SHOWS ARITHMETIC MEAN, STANDARD DEVIATION AND RANK OF RULE OF TRANSPARENCY STANDARD			
Statement (Transparency Standard)	Arithmetic Mean	Standard Deviation	Order
Classification of information	3.74	0.249	1
Number of meetings with relevant parties	3.14	0.209	16

Table 5 shows that the statement "*classification of information*" ranked first with an arithmetic mean of (3.74), while the statement "*number of meetings with relevant parties*" ranking last among the statements of the transparency standard with an arithmetic mean of (3.14)

Table 6 SHOWS ARITHMETIC MEAN, STANDARD DEVIATION AND RANK OF RULE OF ACCOUNTING AND ACCOUNTABILITY STANDARD			
Paragraph (Accounting and Accountability Standard)	Arithmetic Mean	Standard Deviation	Order
Determining the powers and duties of the legal, administrative and financial officials and decision- makers.	3.42	0.7	12
Application of sanctions to disciplinary cases	3.82	0.63	1

Table 6 shows that the statement "*the application of sanctions to disciplinary cases*" ranked first with an arithmetic mean of (3.82), while the statement "*determining the powers and duties of the legal, administrative and financial officials and decision makers*" ranked last among the statements of accountability and accounting standard with an arithmetic mean of (3.42).

Table 7 SHOWS ARITHMETICMEAN, STANDARD DEVIATION AND RANK OF PUBLIC BUDGET DISCLOSURE			
Public Budget Disclosure	Arithmetic Mean	Standard Deviation	Order
Disclosure for preparing and presenting the annual budget in a macroeconomic comprehensive and consistent framework, and providing basic assumptions on which the budget shall be based, as well as the disclosure of new policies contained in the annual budget.	3.34	0.04	16
Disclosure and accessibility of procurement and employment regulations for all parties concerned	3.65	0.043	1

Table 7 shows that the statement *"disclosure and accessibility of procurement and employment regulations for all parties concerned"* ranked first with an arithmetic mean of (3.65), while the statement *"Disclosure for preparing and presenting the annual budget in a macroeconomic comprehensive and consistent framework, and providing basic assumptions on which the budget shall be based, as well as the disclosure of new policies contained in the annual budget"* came last among the disclosure standard statements with an arithmetic mean of (3.34).

RESULTS ANALYSIS AND HYPOTHESES TESTING

Analysis of the responses on the impact of applying national integrity standards to disclosure in the State's general budget in the Jordanian public sector.

In order to obtain the sample's views on the first study focus which addresses the application of national integrity standards in the public sector, the following question was placed:

Table 8 SHOWS ARITHMETIC MEAN, STANDARD DEVIATION AND RANK OF ALL STANDARDS		
Name of Standard	Arithmetic Mean	Order
Rule of Law standard	3.65	1
Transparency standard	3.54	3
Accountability and accounting standard	3.63	2
Average application of integrity standards	3.6	

Q1: To What Extent are the Practices of Integrity and Transparency Standards Applied in the Jordanian Public Sector?

Answering the previous question aimed at determining the extent to which national integrity standards were applied on the Country's general budget disclosure. Table 8 shows the descriptive statistics of respondents' views on the questions of the first focus (Zaiton, 2006). Results have been arranged in a descending order from the highest arithmetic mean to the lowest that is, from the best practice represented by the rule of law standard with an arithmetic mean of (3.65) to the lowest practice represented by the transparency standard with an arithmetic mean of (3.54) in the Jordanian public sector. It is noticeable that all standards are applied by an acceptable percentage of more than 60%.

Hypothesis Testing

Table 9 SHOWS THE RESULTS OF THE SIMPLE LINEAR REGRESSION ANALYSIS					
B	Coef.	F		R²	R
		Sig.	Value		
-0.858	Constant	0	10.573	0.28	0.53
0.154	The rule of law standard				
0.104	Accountability and accounting standard				
0.477	Transparency standard				

Table 9 shows the results of the simple linear regression analysis to the impact of applying the national integrity standards on the Country's general budget disclosure in the public sector of Jordan. It is noticed that the percentage interpreted by the integrity standards (R²) amounted to (28%) of the dependent variable discrepancy (disclosure), which represents a relatively low interpretation ratio, and that the (F) value extracted to this relationship amounted to (23.175), which is greater than the derived value at the level of significance less than (5%), and the constant term value amounted to (0.858), and the (B) value of the independent variable (rule of law) amounted to (0.154), accountability (0.104) and transparency (0.477).

Based on the analysis results, the main null hypothesis shall be rejected and the alternative main hypothesis shall be accepted, stating that there is an impact to applying the national integrity standards to the Country's general budget disclosure in the public sector in Jordan.

From the foregoing, the simple linear regression equation of the impact of the application of national integrity standards on disclosure in the public budget of the Jordanian public sector can be formulated as follows:

$$0.104 + e \text{ transparency } 0.477 + \text{accountability } 0.154 + \text{sovereignty} + (0.858) = \text{disclosure}$$

Table 10 shows the results of the simple linear regression analysis of the impact of applying the national integrity standards on the Country's general budget disclosure in the public sector in Jordan.

Table 10 SHOWS THE RESULTS OF THE SIMPLE LINEAR REGRESSION ANALYSIS OF STANDARDS			
Standard	Sig.	R²	R
Rule of law standard	0.157.	0.024.	23
Accountability and accounting standard	0.033	0.054	155
Transparency standard	0	0.258.	508

Based on this analysis results, the null sub-hypothesis for the accountability and accounting, and transparency standards shall be rejected and the alternative hypothesis shall be

accepted, stating that there is an impact to applying the accounting and accountability, and transparency standards to the Country`s general budget disclosure in the public sector in Jordan, and the alternative main hypothesis for the rule of law standard shall be accepted, stating that there is no impact to the application of national integrity standards on the Country`s general budget disclosure in the Jordanian Public Sector.

CONCLUSION

The results of the study showed that there is a statistically significant impact of the application of national integrity standards on the Country`s general budget disclosure in the Jordanian public sector, based on the views of the study sample respondents. Therefore, the following conclusions can be drawn:

- 1- There is a statistically significant impact at the level of significance (5%) for the accountability and accounting standard on the general budget disclosure in the Jordanian public sector. Statistical tests indicated that the accountability and accounting standard in the Jordanian public sector under study has interpreted a percentage of (23%) of the disclosure discrepancy in the Jordanian public sector, which is considered a low percentage. The sample responses were consistent, with standard deviations of (0.20), which is below one.
- 2- There is a statistically significant impact at the level of significance (5%) for the transparency standard on the Country`s general budget disclosure in the Jordanian public sector. Statistical tests indicated that applying the transparency standard to the Jordanian public sector under study has interpreted a percentage of (25%), and that the sample individuals responses were consistent, with standard deviations of (0.24), which is below one.
- 3- There is a statistically significant impact at the level of significance (5%) for the national integrity standard on the general budget disclosure in the Jordanian public sector. Statistical tests indicated that applying the national integrity standard in the Jordanian public sector under study has interpreted a percentage of (28%).

RECOMMENDATION

Based on the results of the study and the statistical tests, the researchers recommend the following:

1. The study sample individuals perspectives of the degree of transparency application and the level of accountability and accounting on the Country`s general budget disclosure in the Jordanian public sector were moderate for each.
2. There is a statistically significant impact of the degree of applying the national integrity and transparency standards jointly or separately on the Country`s general budget disclosure in the Jordanian public sector.
3. There is a statistically significant impact of the degree of applying the accountability and accounting standards jointly or separately in the Jordanian public sector.
4. The transparency of resolutions is considered the most influential on the disclosure level, whereas the rule of law is the least influential standard. The results of this study concurs with the study of Al-Tarawneh.
5. Jordanian public sector bodies and ministries shall provide further support for the application of national integrity standards in order to improve employees` awareness of the importance of this application.
6. The need to consolidate national integrity standards in the minds of public sector officials, where the average application of national integrity standards jointly is 3.60, which is considered relatively low.
7. A decline in the application of the transparency standard related to disclosure has been observed, making it inevitable to focus on the application of the standard in the public departments and bodies. These result concurs with the study of Al-Kafarneh.

ENDNOTE

1. www.oecd.org
2. <http://alrai.com/article/10468148/2018>

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