

RESEARCH

# Financial Leverage and Dividends as Determinants of Earnings Management: Evidence from Amman Stock Exchange and Implications for AI and Sustainability

**Samah Mohammad Noor Zeab Al-Khalili**

*Master of Accounting, Faculty of Business, Applied Science Private University, Amman, Jordan*

Email: samah.alkhalili94@gmail.com

ORCID: 0009-0004-6052-1630

**Mohammed Idris**

*Associate Professor of Accounting, Accounting Department, Faculty of Business, Applied Science Private University, Amman, Jordan*

Email: m.idris@asu.edu.jo

ORCID: 0000-0003-4966-7941

**Sodfa Eltaher**

*Department of Business Administration, Faculty of Commerce for Girls, Al-Azhar University, Cairo, Egypt*

Email: Dr.sodfa@azhar.edu.eg

ORCID: 0009-0008-1032-0506

## ABSTRACT

**PURPOSE:** The aim of the study is to explore the effect of financial leverage on the relationship between cash dividends and earnings management in service companies listed on the Amman Stock Exchange (ASE).

**DESIGN/METHODOLOGY/APPROACH:** The researchers used a quantitative methodology to achieve the study objectives. The study duration was five years, from 2020 to 2024.

**FINDINGS:** The study demonstrates that different earnings management mechanisms behave differently, supporting the argument that firms selectively choose channels with the lowest detection risk.

**CITATION:** Al-Khalili, S. M. N. Z., Idris, M. and Eltaher, S. (2026): Financial Leverage and Dividends as Determinants of Earnings Management: Evidence from Amman Stock Exchange and Implications for AI and Sustainability. *World Journal of Science, Technology and Sustainable Development (WJSTSD)*, Vol. 21, Nos. 1/2/3, pp. 145-161.

**RECEIVED:** 24 November 2025 / **REVISED:** 16 December 2025 / **ACCEPTED:** 22 December 2025 / **PUBLISHED:** 20 March 2026

**COPYRIGHT:** © 2026 by all the authors of the article above. The article is published as an open access article by WASD under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

**ORIGINALITY/VALUE:** This paper contributes to the discussion by considering the sustainability of dividends, leverage, and earnings management through the lens of artificial intelligence (AI).

**RESEARCH LIMITATIONS:** The study considers only service firms listed on the ASE from 2020 to 2024.

**PRACTICAL IMPLICATIONS:** The research reveals that it is important for regulators and firms to adopt AI-based financial governance systems that may lead to improved data quality, ethical soundness, and sustainability-induced transparency.

**KEYWORDS:** *Earnings Management; Financial Leverage; Artificial Intelligence; Integration; Sustainability.*

---

## INTRODUCTION

The prevalence of financial fraud has drawn attention to income smoothing, which compromises the accuracy and reliability of firms' financial statements. Managers might manipulate accounting information to influence investors or change contracts (Healy and Wahlen, 1999; Dechow *et al.*, 2010). The quality of profit and financial reporting is fundamental to transparency and accountability as envisaged in non-financial (NF) reports (and sustainability disclosures) under the Global Reporting Initiative (GRI) Standards (2021 edition) and the International Sustainability Standards Board (ISSB) International Financial Reporting Standards Sustainability Disclosure Standards IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). According to recent findings, there is a relationship between the quality of earnings and the CSR environment, which would decrease greenwashing (Kim *et al.*, 2012).

Dividends significantly influence management behaviour. A stable dividend is supported by real cash flow, so it can narrow opportunism and strengthen control mechanisms (La Porta *et al.*, 2000; He *et al.*, 2017).

Managers may distort accounting practices to fulfil obligations and reduce financing costs (Jaggi and Lee, 2002). Moderate borrowing may enhance shareholder value, whereas manipulative practices have the potential to damage disclosure credibility and increase long-run financial and reputational risk, diverging from the integrated reporting orientation.

The paper introduces the relationships between dividend distribution, earnings management and financial leverage, and how these factors may influence retrenchment strategies (workforce reduction) of service companies listed on the Amman Stock Exchange (ASE), with a focus on sustainability. We examine whether distribution

policies signal the stability of reported profits or reflect opportunistic accounting. Finally, we examine the impact of debt on the level and extent of management's recognition and disclosure behaviour, which is useful for policymakers and investors who rely on sustainability reports and financial statements to make decisions with long-term horizons.

## Research Problem

Although financial disclosure has become more important for service firms listed on the ASE, little is known about how dividend policy, leverage and earnings management interact with each other. The current literature tends to focus on these relationships using traditional statistical techniques and has overlooked the emerging contributions of artificial intelligence in detecting unusual financial activities. At the same time, service businesses are increasingly under pressure to reflect their financial activities in a sustainable manner, which has become central to stakeholder expectations and international reporting frameworks (including IFRS S1 and S2).

This situation results in a research gap regarding the extent to which AI-based analytics and sustainability factors may determine or recalibrate the relationships among dividends, leverage and earnings management. Thus, the main research question is: What role does financial leverage play in moderating the relationship between dividend distributions and earnings management in determining artificial intelligence (AI) analytical capability, broadly, and the environmental imperatives of Jordan's service industry?

## Importance of the study

This research is important because financial information has a strong influence on decision-making, and it will benefit Jordanian investors, creditors and decision-makers. Firms often have incentives to manipulate their profits in order to meet targets, improve investor relations, increase investment and raise stock prices. This approach also relies on financial leverage and debt financing. Creating firm value is especially important in high-potential sectors.

Accordingly, the present research seeks to examine financial leverage in terms of its impact on dividends and earnings management, as well as its role in interpreting and understanding firms' situations, in order to help shareholders, creditors and other beneficiaries make appropriate decisions. Finally, the research also aims to facilitate analysts' understanding of earnings management and dividend payout decisions when analysing reported profits.

This study adds to the earnings management, dividend distribution and financial leverage literature. To the best of the researcher's knowledge, this is the first study to examine these effects in Jordanian service companies and thus fills an important research gap. This study is limited to service firms in the Arab region whose stocks are traded on the Amman Securities Market.

## Research Hypotheses (H)

In order to achieve the study's objectives, the following hypotheses were formulated for empirical testing:

**H1:** There is no statistically significant effect of dividend distributions on earnings management through the manipulation of discretionary expenses for service companies listed on the ASE.

**H2:** There is no statistically significant effect of dividend distributions on earnings management through sales manipulation for service companies listed on the ASE.

**H3:** There is no statistically significant effect of financial leverage on the relationship between dividend distributions and earnings management through the manipulation of discretionary expenses in service companies listed on the ASE.

**H4:** There is no statistically significant effect of financial leverage on the relationship between dividend distributions and earnings management through sales manipulation in service companies listed on the ASE.

## THEORETICAL FRAMEWORK

### Earnings Management

Managers use accrual-based or real-activity strategies to influence reported earnings and present more favourable financial results to stakeholders. To fulfil market expectations, avoid covenant violations, or influence compensation-linked KPIs, managers may accelerate income, postpone expenses, change depreciation rates, or adjust discretionary accruals (Parfet, 2000; Al-Natsheh and Al-Okdeh, 2020).

Real activity manipulation, such as overproduction, reducing discretionary expenses, or changing pricing incentives, can also distort reported performance; therefore, reporting transparency is essential to healthy financial governance (Burghleth and Al-Okdeh, 2020). Higher ESG performance is associated with less opportunistic earnings management, since sustainability-driven disclosure frameworks prioritise accountability, data traceability and long-term value creation over cosmetic reporting

(Kim *et al.*, 2012; García-Sánchez and Noguera-Gámez, 2020; Al-Gasawneh *et al.*, 2022). Sustainability-focused enterprises institutionalise ethical reporting, which improves trust, lowers information asymmetry and strengthens stakeholder legitimacy in line with SDG-aligned governance principles.

## Dividend Policy

The decision to pay dividends is regarded as a financial and strategic decision that reflects the balance between retaining income for investment purposes and distributing cash or stock as dividends (Naeem and Khurram, 2020; Olang *et al.*, 2015). This is because dividends frequently act as market signals of stability, profit quality and company health. However, companies may also engage in earnings management in order to maintain stable dividend levels when cash flows are insufficient to support these payouts, especially in emerging markets, where dividends serve as a lure for foreign direct investment.

Sustainability studies show that dividends are not just about distributing cash. From the perspective of sustainably oriented corporate finance, dividend policy also involves seeking a trade-off between shareholder value extraction and the retention of internal capital needed for innovation, digitalisation and technology investments, as well as environmentally sensitive investments (Martínez-Ferrero *et al.*, 2018; Al-Khleifat *et al.*, 2024).

Firms adopting the Sustainable Development Goals (SDGs) aim to keep dividends stable while avoiding excessive pressure on managers to manipulate profits, thereby contributing to reduced opportunism and strengthened resilience in the face of changes in the financial system. Therefore, a sustainable payout ratio is not only a financial policy issue; rather, it can be regarded as a governance tool enabling genuine, rather than artificial, performance quality.

## Financial Leverage

Financial leverage measures the degree to which an organisation finances its assets through debt and operates using borrowed funds (Fahmi, 2014). As debt leverage increases, financial pressure provides stronger incentives to manage earnings in order to avoid covenant violations or to present a better state of financial health (Gilbert, 2022). In contrast, other research shows that higher leverage makes firms less likely to manipulate earnings because of the monitoring and constraints imposed by creditors (Shirzad and Haghghi, 2015). Therefore, the evidence reported in the literature is mixed and appears to depend on the sector, country and quality of disclosure.

In terms of sustainability, excessive leverage is identified as a systemic risk in sustainable financial disclosures referred to under IFRS S1 and S2 (2023). Disclosures about leverage allow capital markets to evaluate long-term solvency risk, organisational resilience and the ability to withstand economic shocks. Healthy sustainability governance also supports well-structured capital frameworks that prioritise resilience rather than short-term growth, thereby relieving debt-induced performance pressure and mitigating the need to manipulate earnings in order to satisfy debt-based KPIs (World Economic Forum, 2020; Al-Qatanani and Siam, 2021). This suggests that the relationship between leverage and accounting manipulation behaviour is moderated by a financially sustainable strategy.

## **AI Integration in Financial Reporting and Earnings Management Detection**

Artificial intelligence (AI) applications in financial reporting analysis have markedly improved earnings management detection and reporting quality. AI-based machine learning classifiers and anomaly detection algorithms enhance the ability to identify suspicious accounting activities and abnormal accrual patterns, which traditional approaches have limited capacity to detect (Brynjolfsson and Mitchell, 2017; Al-Zagheer *et al.*, 2025). Advances in linguistic techniques, such as natural language processing, also allow for a more precise identification of management intentions and the effects of disclosures in annual reports (Li, 2010; Abu-Siam *et al.*, 2025).

## **Conceptual Integration Between Variables Within a Sustainability-Oriented Perspective**

The interaction of earnings management, dividend policy and financial leverage becomes even more complex when viewed from a sustainability governance perspective. Recent empirical evidence confirms that the level of dividend expectations can prompt earnings management practices, as managers may seek to maintain unchanged payout patterns in order to signal strength to external markets (Srikanth and Prasad, 2015; He *et al.*, 2017; Im *et al.*, 2016). Meanwhile, leverage creates covenant pressures that motivate managers to engage in accrual-based and real earnings management in order to increase financial slack or improve a firm's credit conditions (Hoang and Phung, 2019; Shirzad and Haghighi, 2015). Hence, dividends and leverage create an incentive structure that directly influences earnings management.

Sustainable financial behaviour is becoming increasingly important in dividend policy decisions, including those related to leverage and managerial incentives. For

companies with ESG considerations that seek to enhance public disclosure and long-term wealth creation, sustainability orientation may limit the scope for opportunistic earnings management (Eccles *et al.*, 2014). The international standards IFRS S1 and S2 emphasise the necessity of responsible disclosure, climate change risk management and integrity in governance, calling for more robust capital structures. By integrating investment decisions with sustainability criteria, investor trust can be further strengthened, and Jordan better served in its aim for sustainable growth and economic resilience based on service activities. Yet the implementation of sustainability criteria, such as transparency, truth in reporting and long-term stakeholder value, alters this behavioural logic.

Research reveals that companies with a higher sustainability orientation are more likely to restrict discretionary manipulation, as low-quality earnings are inconsistent with ESG-related disclosure standards (Jordaan *et al.*, 2018). Likewise, companies that undertake pro-environmental actions tend to be less opportunistic in manipulating accounting numbers, reporting higher levels of ethics and legitimacy among stakeholders (Litt *et al.*, 2013).

## RESEARCH METHODOLOGY

The paper focuses on firms listed on the Amman Stock Exchange (ASE) and those operating in the service sector. The study covers a five-year period from 2020 to 2024. The methodology and procedures used for measuring the study variables are explained in this section and are adapted from prior research studies.

### Study Population and Sample

The population of the study includes all 52 service companies publicly traded on the Amman Stock Exchange, which is an active sector and a relatively new phenomenon in the Jordanian economy. The study sample consisted of the entire population under consideration, and the study hypotheses were tested. The data were analysed using Statistical Package for the Social Sciences (SPSS). Table 1 shows the descriptive statistics of the study variables.

**Table 1: Descriptive Statistics**

Study Variables	Lowest Value	Highest Value	Mean	Standard Deviation
<b>Dependent Variables</b>				
Optional Expenses (ABDISK)	-0.113	0.371	-0.00002	0.065582
Operating Cash Flows (ABCFO)	-0.281	253.0	0.00000	0.079669

Study Variables	Lowest Value	Highest Value	Mean	Standard Deviation
<b>Independent Variable</b>				
Dividends (Div)	0.000	1.000	0.07800	0.158400
<b>Adjusted Variable</b>				
Financial Leverage (LEV)	0.000	1.080	0.38610	0.271240
<b>Control Variables</b>				
Company Size	6.070	9.158	7.53638	0.911009
Company Growth	-1.000	1.073	0.12410	0.161754
Earnings per Share (EPS)	-0.590	1.260	0.09240	0.250950

Source: Measured by authors using SPSS

The results indicate that the mean value for the manipulation of discretionary expenses was 0.00002, with the highest and lowest values being 0.371 and -0.113, respectively. The standard deviation was 0.065582. This suggests a tendency among managers in the study sample to manage profits through the manipulation of discretionary expenses.

The mean value of sales manipulation was 0.000, with upper and lower limit values of 0.253 and -0.281, respectively, and a standard deviation of 0.079669. This indicates that managers in the sampled companies tend to manage earnings through sales manipulation.

Regarding the distribution of profits, represented by cash dividends, the descriptive analysis of the study sample showed a mean of 0.0780, a highest value of 1.000, and a lowest value of 0.000, with a standard deviation of 0.15840.

For the variable measuring financial leverage, represented by the debt-to-assets ratio, the mean was 0.3861, the highest value was 1.080, and the lowest value was 0.000.

The control variables for this study were as follows: the mean company size was 7.53638, with a standard deviation of 0.911009, indicating variation in the sizes of the companies in the study sample. The highest value was 9.158, and the lowest was 6.070. The mean for company growth was 0.1241, with a highest value of 1.073 and a lowest value of -1.000, reflecting changes in the assets of the companies in the study sample. Finally, the mean for earnings per share (EPS) was 0.0924, with a highest value of 1.260 and a lowest value of -0.590.

## Hypotheses Testing

Table 2 below presents the multiple linear regression analysis for the first three hypotheses, which examine the impact of dividend distributions on earnings management under the influence of financial leverage.

**Table 2: Hypotheses Testing**

Variables	Model (1) Sig.	Model (1) Coefficients	Model (2) Sig.	Model (2) Coefficients
Dividends	0.185	0.035	0.182	0.050
Leverage	–	0.010	–	-0.035
Dividends Leverage	–	–	0.582	-0.026
Company Growth	0.079	0.031	0.085	0.030
Company Size	0.691	-0.001	0.653	-0.002
Earnings per Share	0.940	0.001	0.925	0.002
Model Statistics	Sig = 0.022	Adjusted R <sup>2</sup> = 0.042	Sig = 0.033	Adjusted R <sup>2</sup> = 0.040

Source: Measured by authors using SPSS

R<sup>2</sup> = Coefficient of Determination

Sig = Statistical Significance

Table 2 indicates that the model as a whole has a statistically significant effect on earnings management in service companies listed on the Amman Stock Exchange (ASE), as the statistical significance level for earnings management through the manipulation of discretionary expenses was 0.022. In the presence of the moderating variable, financial leverage, the statistical significance level for earnings management through the manipulation of discretionary expenses was 0.033. This indicates that the significance level for the dependent variables is less than 5%. The adjusted R<sup>2</sup> value was 0.042, meaning that the independent variable explains 4.2% of the variation in the dependent variable, earnings management through the manipulation of discretionary expenses. In the presence of the moderating variable, the adjusted R<sup>2</sup> value was 0.040, indicating that the independent variable explains 4% of the variation in earnings management through sales manipulation.

### Multiple Linear Regression Analysis and Test Result: First Hypothesis

The results of the first hypothesis (H1) indicate no significant effect of dividend distributions on earnings management through the manipulation of discretionary expenses for service companies listed on the ASE, as the statistical significance level (Sig. = 0.185) is greater than 5%. This result is consistent with the findings of Shahwan and Almubaydeen (2020) and contradicts Aladwan's (2019) study, which showed a positive relationship between dividend policy and earnings management through manipulation of discretionary expenditures.

Regarding the control variables, there was no statistically significant effect of company size, company growth, or earnings per share on earnings management through the manipulation of discretionary expenses in Jordanian service companies, as the significance values were 0.079, 0.691 and 0.940, respectively, all greater than 5%.

### Multiple Linear Regression Analysis with the Moderating Variable: Third Hypothesis

Table 2 also shows the results of the multiple linear regression analysis for the third hypothesis, which indicates that there is no significant effect of dividend distributions on earnings management through the manipulation of discretionary expenses in the presence of financial leverage, as the statistical significance level (Sig. = 0.582) is greater than 5%.

Therefore, financial leverage does not have a statistically significant moderating effect on the relationship between dividend distributions and earnings management through the manipulation of discretionary expenses in Jordanian service companies.

**Table 3: Results of Multiple Linear Regression Analysis of the Dependent Variable**

Variables	Model (1) Sig.	Model (1) Coefficients	Model (2) Sig.	Model (2) Coefficients
Dividends	0.000	0.338	0.000	0.578
Leverage	–	0.001	–	-0.254
Dividends Leverage	–	–	0.006	-0.226
Company Growth	0.741	-0.021	0.630	-0.030
Company Size	0.053	0.142	0.096	0.121
Earnings per Share	0.488	0.065	0.412	0.076
Model Statistics	Sig = 0.000	F = 7.030, Adjusted R <sup>2</sup> = 0.176	Sig = 0.000	F = 7.287, Adjusted R <sup>2</sup> = 0.198

Source: Measured by authors using SPSS

F= F-statistic / F-ratio in regression analysis is used to test whether the overall regression model is a good fit for the data.

Table 3 above indicates that the model as a whole, representing the effect of the independent variable on the dependent variable in the presence of the moderating variable, shows a statistically significant effect. The statistical significance level for earnings management through sales manipulation was Sig. = 0.000, while the statistical significance level for earnings management through sales manipulation in the presence of the moderating variable was also Sig. = 0.000, indicating that the significance level for the dependent variables is less than 5%. The adjusted R<sup>2</sup> value was 0.176, meaning that the independent and control variables explain 17.6% of the variation in the dependent variable. In the presence of the moderating variable, the adjusted R<sup>2</sup> value was 0.198, indicating that the independent and control variables explain 19.8% of the variation in earnings management through sales manipulation.

### Multiple Linear Regression Analysis and Test Result: Second Hypothesis

The results of the second hypothesis (H2) indicate a statistically significant effect of dividend distributions on earnings management through sales manipulation for service companies listed on the ASE, as the significance level (Sig. = 0.000) is less than 5%. This suggests that companies may resort to sales manipulation to maintain the level of profits distributed to shareholders. The table above shows a positive regression coefficient, indicating that companies manage their profits by increasing sales and, consequently, increasing cash dividends. This finding aligns with the studies of Abdo (2019), Aladwan (2019), and Im *et al.* (2016), which demonstrate that dividend payouts are among the most important factors influencing earnings management.

The results also indicate that the control variables—company size, company growth, and earnings per share—have no statistically significant effect on earnings management through sales manipulation in Jordanian service companies, as the significance values were 0.741, 0.053, and 0.488, respectively, all greater than 5%.

### Multiple Linear Regression Analysis with the Moderating Variable: Fourth Hypothesis

Table 3 also presents the results of the multiple linear regression analysis for the fourth hypothesis, which tests the effect of the moderating variable on the relationship between the independent and dependent variables.

The results of the fourth hypothesis test (H4) indicate a statistically significant relationship between dividend payouts and earnings management through sales manipulation in the presence of the moderating variable, financial leverage, as the significance level (Sig. = 0.006) is less than 5%. This suggests that financial leverage has a significant moderating effect on the relationship between dividend payouts and earnings management through sales manipulation in Jordanian service companies. This is because when a company's debt decreases, its capacity for dividend distribution increases, which may motivate managers to manipulate sales to boost cash flow and enable higher dividend payouts. This finding is consistent with Aladwan (2019), who concluded that companies with high financial leverage have less incentive to manipulate earnings.

The results also indicate that the control variables—company size, company growth, and earnings per share—have no statistically significant effect on earnings management through sales manipulation in the presence of the moderating variable in Jordanian service companies, as the significance values were 0.630, 0.096, and 0.412, respectively, all greater than 5%.

## DISCUSSION

The findings showed that dividend distributions did not influence earnings management through discretionary expenses. This indicates that companies are less likely to manipulate cost-related decisions in response to payout policies. This outcome supports the argument in Roychowdhury (2006) that real-activity manipulation is not uniform across all channels, and discretionary expenditure is not always the preferred tool. In terms of sustainability, this suggests that companies—particularly service companies in the Jordanian context—tend to protect operating quality and avoid sacrificing long-term operational efficiency merely to influence short-term financial appearance.

The moderation test also showed that leverage did not alter this relationship. This result aligns with Shirzad and Haghghi (2015), who showed that leverage can operate as a governance constraint rather than a behavioural enabler. In the context of sustainable corporate behaviour, this reinforces the idea that creditors indirectly support sustainable reporting practices through monitoring pressure, meaning that responsible debt structures may reduce opportunistic decisions that harm reporting integrity.

Conversely, the results confirmed a positive relationship between dividend distributions and earnings management through sales manipulation. This is consistent with Im *et al.* (2016) and Hoang and Phung (2019), who demonstrated that higher

dividend payouts can motivate firms to boost reported performance through real sales activities to maintain dividend expectations. This raises a sustainability concern because sales manipulation is a short-term strategy that may undermine a firm's long-term value creation and distort true performance.

Finally, leverage showed a negative moderating effect in the sales-manipulation model. When leverage increases, firms become less able to use sales-based manipulation because debt contracts introduce discipline and greater external scrutiny. In sustainability terms, this is a positive signal: stable debt structures can function as a corrective force that protects stakeholders from reporting distortion. Sustainable governance frameworks strongly emphasise transparency, disciplined capital structures, and decision-making aligned with long-term value.

## RECOMMENDATIONS

The researcher recommends that regulators should encourage the use of leverage-sensitive monitoring, as it is well-established that leverage reduces sales-based manipulation, thereby improving the quality of sustainable disclosures. Higher dividend payouts, however, could encourage more aggressive revenue-generating tactics while weakening long-term viability and cash flow reliability.

It is important to integrate sustainability reporting guidelines into earnings planning policies by linking payout decisions to genuine operational performance rather than short-term signals. Disclosure frameworks should also require segment-level detail for sales growth drivers to make sales-based manipulation more detectable, thereby protecting sustainable market trust.

Meanwhile, researchers should extend the model to include environmental, governance, and sustainability-linked indicators (e.g., ESG disclosure) to determine whether companies with higher sustainability commitments engage in less earnings manipulation.

## CONCLUSIONS

The study empirically demonstrates that different earnings management mechanisms behave differently, supporting the argument that firms selectively choose channels with the lowest detection risk. Dividend signalling can incentivise managers to use real activity adjustments to sustain market perception, which contradicts sustainability-aligned reporting integrity. Conversely, leverage acts as a constraining force on opportunistic behaviour, confirming that disciplined capital structures contribute to sustainable governance.

The dividend–earnings management relationship is mechanism-specific, indicating that sustainability-related pressure is more strongly reflected in sales manipulation than in discretionary expenses.

The study adds a sustainability perspective to the dividends–earnings management debate, showing that sustainable financial behaviour aligns with reducing opportunistic manipulation in high-governance and high-debt environments. AI-driven analytics also have strong potential as tools to detect manipulation, increase forecasting precision, and make financial data more reliable. Meanwhile, sustainable models of finance motivate companies to adopt clear, ethical, and forward-looking financial practices.

## REFERENCES

- Abu-Siam, Y., Nassar, M. and Sharairi, M. (2025): Incorporating blockchain technology into accounting education. In *International Conference on Technology and Innovation Management* (pp. 23-30). Cham: Springer Nature Switzerland. Available at: [https://doi.org/10.1007/978-3-031-90558-2\\_4](https://doi.org/10.1007/978-3-031-90558-2_4)
- Aladwan, M. (2019): Accrual based and real earning management association with dividends policy “The case of Jordan”. *Italian Journal of Pure and Applied Mathematics*, 41, 691-707. Available at: [https://www.researchgate.net/profile/Mohammad-Aladwan-2/publication/329718606\\_Accrual\\_based\\_and\\_real\\_earning\\_management\\_association\\_with\\_dividends\\_policy\\_the\\_case\\_of\\_Jordan/links/5c876d2792851c831973df0d/Accrual-based-and-real-earning-management-association-with-dividends-policy-the-case-of-Jordan.pdf](https://www.researchgate.net/profile/Mohammad-Aladwan-2/publication/329718606_Accrual_based_and_real_earning_management_association_with_dividends_policy_the_case_of_Jordan/links/5c876d2792851c831973df0d/Accrual-based-and-real-earning-management-association-with-dividends-policy-the-case-of-Jordan.pdf)
- Al-Gasawneh, J. A., Alfityani, A., Al-Okdeh, S., Almasri, B., Mansur, H., Nusairat, N. M. and Siam, Y. A. (2022): Avoiding uncertainty by measuring the impact of perceived risk on the intention to use financial artificial intelligence services. *Uncertain Supply Chain Management*, 10(4), 1427–1436. Available at: <https://doi.org/10.5267/j.uscm.2022.6.013>
- Al-Khleifat, S., Abu Siam, Y., Nassar, M. and Sharairi, M. H. (2024): Determinants of tax decisions in Jordan: Income and sales auditor perspective. *Journal of Risk and Financial Management*, 17(12), 579. Available at: <https://doi.org/10.3390/jrfm17120579>
- Al-Natsheh, N. and Al-Okdeh, S. (2020): The impact of creative accounting methods on earnings per share. *Management Science Letters*, 831–840. Available at: <https://doi.org/10.5267/j.msl.2019.10.014>
- Al-Qatanani, N. and Siam, Y. A. (2021): Can ownership structure and board characteristics affect firm performance? *Accounting*, 7(6), 1325–1330. Available at: <https://doi.org/10.5267/j.ac.2021.4.006>

- Al-Zagheer, H., Hashem, T.N., Kilani, Q. and Badrakhan, S.S. (2025): Examining the Artificial Intelligence Role in Enhancing Sustainable Marketing Strategies. In *International Conference on Technology and Innovation Management* (pp. 3-12). Cham: Springer Nature Switzerland. Available at: [https://doi.org/10.1007/978-3-031-84889-6\\_1](https://doi.org/10.1007/978-3-031-84889-6_1)
- Burghleh, M. M. and Al-Okdeh, S. K. (2020): The impact of family ownership concentration on the relationship between the characteristics of Board of Directors and earnings management. *Management Science Letters*, 969–978. Available at: <https://doi.org/10.5267/j.msl.2019.11.014>
- Dechow, P., Ge, W. and Schrand, C. (2010): Understanding Earnings Quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50(2–3), 344–401. Available at: <https://doi.org/10.1016/j.jacceco.2010.09.001>
- Eccles, R. G., Ioannou, I. and Serafeim, G. (2014): The impact of corporate sustainability on organisational processes and performance. *Management Science*, 60 (11), 2835–2857. Available at: <https://doi.org/10.1287/mnsc.2014.1984>
- He, W., Ng, L., Zaiats, N. and Zhang, B. (2017): Dividend policy and earnings management across countries. *Journal of Corporate Finance*, 42, 267–286. Available at: <https://doi.org/10.1016/j.jcorpfin.2016.11.014>
- Healy, P. M. and Wahlen, J. M. (1999): A review of the Earnings Management Literature and its implications for standard setting. *Accounting Horizons*, 13(4), 365–383. Available at: <https://doi.org/10.2308/acch.1999.13.4.365>
- Im, C. C., Kim, J. H. and Choi, M. K. (2016): Dividend policy and earnings management: Based on discretionary accruals and Real Earnings Management. *International Journal of U- and e- Service, Science and Technology*, 9(2), 137–150. Available at: <https://doi.org/10.14257/ijunesst.2016.9.2.15>
- Jaggi, B. and Lee, P. (2002): Earnings management response to debt covenant violations and debt restructuring. *Journal of Accounting, Auditing and Finance*, 17(4), pp.295-324. Available at: <https://doi.org/10.1177/0148558x0201700402>
- Jordaan, L. A., De Klerk, M. and De Villiers, C. J. (2018): Corporate Social Responsibility and earnings management of South African companies. *South African Journal of Economic and Management Sciences*, 21(1). Available at: <https://doi.org/10.4102/sajems.v21i1.1849>
- Hoang, K.M.T. and Phung, T.A. (2019): The effect of financial leverage on real and accrual-based earnings management in Vietnamese firms. *Economics and Sociology*, 12(4), pp.299-333. Available at: <https://doi.org/10.14254/2071-789x.2019/12-4/18>

- Kim, Y., Park, M. S. and Wier, B. (2012): Is earnings quality associated with corporate social responsibility? *The Accounting Review*, 87(3), 761–796. Available at: <https://doi.org/10.2308/accr-10209>
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A. and Vishny, R. W. (2000): Agency problems and dividend policies around the world. *The Journal of Finance*, 55(1), 1–33. Available at: <https://doi.org/10.1111/0022-1082.00199>
- LI, F. (2010): The information content of forward-looking statements in corporate filings—anaïveBayesianmachinelearningapproach. *Journal of Accounting Research*, 48(5), 1049–1102. Available at: <https://doi.org/10.1111/j.1475-679x.2010.00382.x>
- Litt, B., Sharma, D. and Sharma, V. (2013): Environmental initiatives and earnings management. *Managerial Auditing Journal*, 29(1), 76–106. Available at: <https://doi.org/10.1108/maj-05-2013-0867>
- Naeem, M. and Khurram, S. (2020): Does a CEO’s Culture Affect Dividend Policy? *Finance Research Letters*, 35, 101302. Available at: <https://doi.org/10.1016/j.frl.2019.09.017>
- Olang, M.A., Akenga, G.M. and Mwangi, J.K. (2015): Effect of liquidity on the dividend pay-out by firms listed at the Nairobi securities exchange, Kenya. *Science Journal of Business and Management*, 3(5), pp.196-208. Available at: <https://doi.org/10.11648/j.sjbm.20150305.18>
- Parfet, W. U. (2000): Accounting subjectivity and earnings management: A preparer perspective. *Accounting Horizons*, 14(4), 481–488. Available at: <https://doi.org/10.2308/acch.2000.14.4.481>
- Roychowdhury, S. (2006): Earnings management through real activities manipulation. *Journal of Accounting and Economics*, 42(3), 335–370. Available at: <https://doi.org/10.1016/j.jacceco.2006.01.002>
- Shahwan, Y. and Almubaydeen, T. H. (2020): Effects of board size, board composition and dividend policy on real earnings management in the Jordanian listed industrial firms. *International Journal of Financial Research*, 11(4), 195-202. Available at: <https://doi.org/10.5430/ijfr.v11n4p195>

## BIOGRAPHY



**Samah Al-Khalili** holds a Master's degree in Accounting from Applied Science Private University and works as a Senior Accounting Officer at Safwa Islamic Bank in Amman, Jordan. She has extensive experience in banking accounting, financial and regulatory reporting, and the application of international financial reporting standards.



**Dr Mohammed Idris** is an Associate Professor of Accounting and the Dean of the Faculty of Business at the Applied Science Private University in Jordan. He earned his PhD from the University of Gloucestershire, UK. His research interests include earnings management, corporate governance, financial markets, and accounting education.



**Dr Sodfa El-Taher Mohamed** is an Assistant Professor of Business Administration at the Faculty of Commerce (Girls), Al-Azhar University. She serves as a member of the General Secretariat of the Arab Union for Sustainable Development and Environment – League of Arab States, and is a research team member at the University of Twente in the Netherlands, contributing to projects on renewable energy, food systems, and gender. Dr Sodfa is also the Director of the Postgraduate Follow-up Unit at the Faculty of Commerce (Girls), Al-Azhar University – Taffahna Al-Ashraf Branch. She has participated in numerous international and national conferences and serves as a peer reviewer for several specialised academic journals in Business Administration. Her research interests cover a wide range of contemporary fields, including human resource management, organisational behaviour, strategic management, banking sciences, marketing, environmental and industrial management, sustainable development, entrepreneurship, and digital transformation.