



THE EFFECT OF USING THE BUSINESS RISKS-BASED AUDIT APPROACH ON THE VALUE ADDED OF AUDIT CLIENTS IN THE HASHEMITE KINGDOM OF JORDAN

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Abstract

This study aimed at introducing the audit approach based on business risks and the comparative advantages provided to audit offices and clients to measure the impact of the use of the audit method based on business risk on the added value of audit clients in the Hashemite Kingdom of Jordan. In this study, the researcher used the descriptive analytical method in collecting and analyzing the study data, testing hypotheses, formulating the intellectual framework and previous studies that dealt with the subject of the research. The researcher also used the Statistical Package for Humanities and Social Sciences (SPSS) to analyze the data and test the hypotheses. The study found that there is a statistically significant effect on the use of the audit approach based on business risk on the value added of audit clients (the level of disclosure and transparency in financial statements, reducing the size and procedures of the audit process, reducing the fees and costs of the audit, the effective evaluation of the accounting system and internal control and control systems) in the Hashemite Kingdom of Jordan. The study recommended the need to increase the level of awareness and achieve greater knowledge of the comparative benefits and advantages achieved through the use of the business risk based audit method.

Keywords: Business risk, business risk-based audit, value added



INTRODUCTION

During the various stages of its history, the audit profession has undergone significant developments which have resulted in the development of the functional concept of auditing starting from examination and testing moving through analytical review and risk based audit and ending with the business risk-based audit approach. This has contributed to making financial statements more trusted, reducing the gap of expectations between the different parties and improving the quality of the audit process. The present study aims at measuring the effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan.

The Study Problem

Despite the auditors' efforts to improve the quality of their business and to maximize the value added of their clients, financial statements and audit reports' users are still unsatisfied. In addition, the risks faced by auditors, which are related to litigation due to their inability to provide adequate reports are considered as one of the biggest threats they face. According to the conceptual and functional development of the audit process, the business risk-based audit approach is considered as a modern approach that contributes to reducing the risks and threats faced by all the related parties. The researcher believes that the study problem endeavors to answer the following questions:

The main question: What is the effect of using the business risk-based audit approach on the added value of the audit clients in the Hashemite Kingdom of Jordan?

This question is subdivided in to the following sub-questions:

1. What is the effect of using the business risk-based audit approach on improving the level of disclosure and transparency in the financial statements of audit clients in the Hashemite Kingdom of Jordan?
2. What is the effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of audit clients in the Hashemite Kingdom of Jordan?
3. What is the effect of using the business risk-based audit approach on the fees and costs of the audit process in the Hashemite Kingdom of Jordan?
4. What is the effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit clients in the Hashemite Kingdom of Jordan?

The Significance and Objectives of the Study

The present study is a pioneering study that measures the effect of using the business risk-based audit approach on the value added of audit clients (the level of disclosure and transparency in the financial statements, reducing the size and procedures of the audit process, reducing the fees and costs of the audit process and the effective evaluation of the accounting system and the internal monitoring and control systems) in the Hashemite Kingdom of Jordan. The researcher will provide a complete analysis of the research topic to arrive at actual results and provide the appropriate recommendations. The study aims at:

1. Introducing the business risk-based audit approach and the comparative advantages it provides to audit offices and clients.
2. Measuring the effect of using the business risk-based audit approach on the value added of audit clients (the level of disclosure and transparency in the financial statements, reducing the size and procedures of the audit process, reducing the fees and costs of the audit process and the effective evaluation of the accounting system and the internal monitoring and control systems) in the Hashemite Kingdom of Jordan.

The Hypotheses of the Study

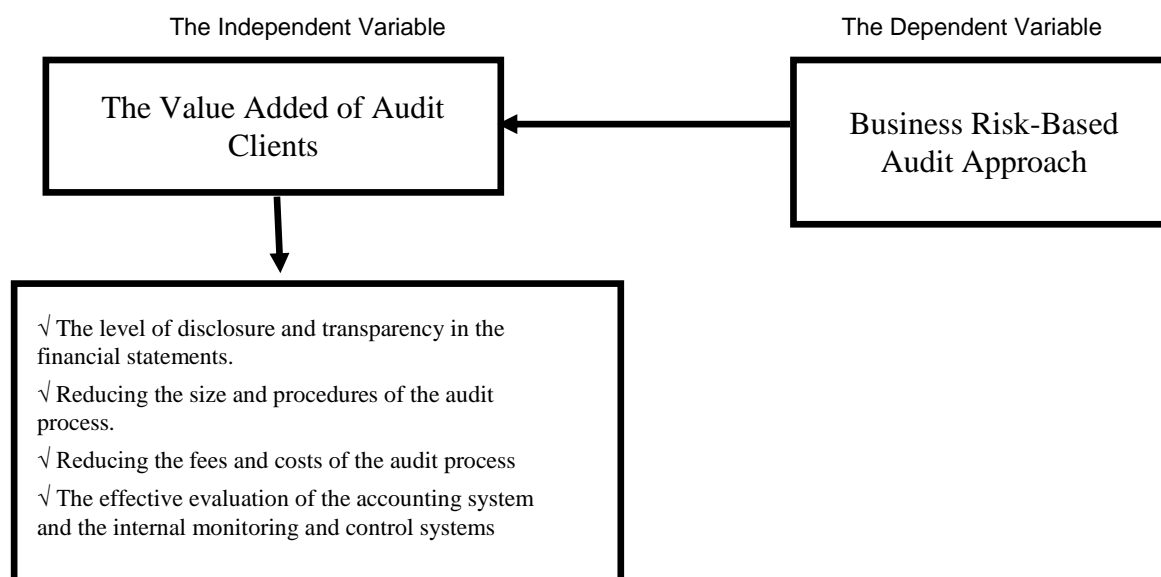
In order to find answers to the research questions, the researcher has formulated the following hypotheses:

The main hypothesis: There is no statistically significant effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan.

This hypothesis is subdivided into the following sub-hypotheses:

1. There is no statistically significant effect of using the business risk-based audit approach on the improvement of the level of disclosure and transparency in the financial statements of the audit clients in the Hashemite Kingdom of Jordan.
2. There is no statistically significant effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of the audit clients in the Hashemite Kingdom of Jordan.
3. There is no statistically significant effect of using the business risk-based audit approach on the fees and costs of the audit process in the Hashemite Kingdom of Jordan.
4. There is no statistically significant effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit clients in the Hashemite Kingdom of Jordan.

Figure 1 The Study Model



RELATED LITERATURE

Traditional approaches have concentrated on judging the fairness of financial statements. However, nowadays the focus is on the value added of the audit clients through analyzing and assessing the strategic risks that clients face, describing the internal and external threats and using the analytical review tools and strategic analysis forms of risks.

During the 7th and 8th decades of the previous century, the Risk-Based Audit (RBA) was dominant as a model for professional practices. On the 9th decade, the intellectual schools adopted the philosophy stating that business risks necessarily lead to audit risks and that any risk which will make the firm unable to achieve its objectives will definitely increase the risks associated with the audit process. Professional organizations and global audit firms (big Five) have adopted this philosophy and sought to develop the functional concept of audit in that there was a shift from the risk-based audit strategy (RBA) into the Business Risk-Based Audit (BRA) which provides an integrated framework based on the comprehensive understanding of the nature of the client business, business environment and the internal and external conditions of the firm and their different effects. In this respect, each of the IAASB & AICPA has issued a number of standards that are concerned with assessing business risks (Shamsa, 2004).

The study which was carried out by (Alquthat, 2018) showed that the business risk-based audit approach with its different dimensions greatly affects the quality of internal audit in the Jordanian commercial banks.

In addition, the empirical study carried out by (Alani & Alqaisi, 2016) referred to the commitment of all the different branches of the National Audit Office in the Republic of Iraq to the business risk-based audit strategy which resulted in improving the quality level of the audit business.

Nadhmi & Al-mobaideen (2014) mentioned that the lack of understanding of the workers in the United Arab Emirates banks of the concept of business risk-based audit has led to a lack in the required skills and training in this field and a high cost which are considered as the main obstacles that prevent the application of the business risk-based audit approach.

The study conducted by (Odeh, 2011) showed that the application of the business risk-based audit approach has led to improving the quality of external audit and achieving the clients' interests.

However, the managers of the industrial firms in Jordan believe that the application of the business risk-based audit approach is considered as a rejected luxury, since it contributes to increasing costs against limited benefits (Abdullatif & Alkhadash, 2010).

Alanquri & Baker (2009) argue that the application of the concept of value-added audits requires a high level of transparency in the financial market and activating the role of professional organizations to develop the methods of professional practices.

Samoan & Zaria (2008) showed that business and audit risks greatly affect the negotiations of determining audit fees and the acceptance of the audit process.

Knechel & Ballou (2007) tackled the various developments of professional practices and the analysis of the role of pressure forces and their effect on developing the theory and practical practices of the audit profession.

Alnawysa (2006) mentioned that the factors related to the audit method greatly affects the quality of audit processes.

From a practical point of view, Alrumhi (2004) indicated that despite the awareness of the Boards of Directors in the Jordanian Banks of the necessity of applying the business risk-based audit approach, they suffer from the lack of the required competencies to implement it. William (2003) assured that the internal control system is affected by the measurement and control methodologies of all risk types and that it is necessary to evaluate the business risk levels to determine the control tools appropriate for them.

These studies and many others addressed the business risk-based audit approach from various practical perspectives, and thus, they are different from the present study which focuses on the value added of audit clients as a result of applying the business risk-based audit approach.

RESEARCH METHODOLOGY

The researcher adopted the analytical descriptive approach in collecting and analyzing the study sample, testing the hypotheses and formulating the intellectual framework and previous studies (scientific journals and university theses) that tackled the research subject.

Data Collection Method

In addition to the related published studies and research, in its practical aspect, the present study used a questionnaire to collect the data, the researcher designed the questionnaire based on related literature.

The Study Population and Sample

The study community consists of all the workers in the licensed audit offices in Jordan. However, due to their geographical distribution, the researcher included only the offices in Amman, where 150 questionnaires were distributed among the sample, of which 135 (90%) were retrieved. The number of retrieved questionnaires which were suitable for the study purposes was 120 forming 80% of the distributed questionnaires.

The limitations of the study

This study prepared during the year 2019, and the researcher was limited in his study to the audit offices located in the capital Amman because of the geographical extension of the offices in all Jordanian cities. Due to the pressures of the work the researcher was forced to make a great presence waiting for the response by some offices.

Statistical Methods

The researcher used the Statistical Package for Social Sciences (SPSS) to analyze the study data, where each of the following was used:

1. Kolmogorov Smirnov Test (K-S) was used to test whether the study sample was normally distributed or not.
2. Central Tendency Measurements in order to display the study results, describe responses and test the hypotheses through finding the arithmetic mean and the standard deviation.
3. The researcher used Likert Scale to decide the relative importance of each item of the questionnaire in addition to using the arithmetic mean (the total number of grades / their number), ($15/5 = 3 = 60\%$) to be the cut-off point in interpreting results and accepting or rejecting the hypotheses).

Table 1 Degrees of Relative Importance according to Likert Scale

Statement	Totally agree	agree	neutral	Not agree	Totally not agree
Relative weight of degrees	5	4	3	2	1
Percentage	More than 80%	60%-80%	40%-60%	20%-40%	Less than 20%
Level of statistical significance	Very high score	High score	Medium score	Low score	No score

4. One Sample T Test to show the degree of consistency of the opinions of the study sample about the effect of using the business risk-based audit approach on improving the level of disclosure and transparency in the financial statements of audit clients in the Hashemite Kingdom of Jordan.

Stability Coefficient of the Study Variables

In order to test the validity and reliability of the study tools and their suitability for the research purposes, they were submitted to a number of specialists and university professors. In addition, the researcher calculated the Cornbrash Alpha, of which the total value of all the study items was ($\alpha=81.32\%$), which is a statistically acceptable ratio. Also, the results of the K-S test indicated that the study data follow a normal distribution.

Table 2 The Stability Factor of the Study Variables

Variables	No. of Questions		Cronbach's	Kolmogorov Smirnov K-S	
			Alpha Value	Sig	Result
Sub-hypothesis 1	5	1-5	86.57	0.624	Following a normal distribution
Sub-hypothesis 2	10	6-16	81.43	0.743	Following a normal distribution
Sub-hypothesis 3	5	17-21	77.96	0.817	Following a normal distribution
Sub-hypothesis 4	5	22-25	79.32	0.734	Following a normal distribution
All the study variables/ main hypothesis	25	1-25	81.32%	0.729	Following a normal distribution

The Demographic Characteristics of the Study Sample

Table (3) below shows the demographic characteristics of the study sample. It was found out that 75% of the study sample are individuals who hold a bachelor degree or less, whereas the percentage of graduates (holder of MA. And PhD) was 25%, which is considered as a negative indicator referring to the low level of qualifications among workers which should be controlled through improving the scientific qualification level of employees in the Hashemite Kingdom of Jordan.

As far as the age groups of the study sample are concerned, they were between (30-40 years) forming 50% of the study sample. These age groups are consistent with the job position and the nature of work.

As for the years of experience, it was found out that the experience of 75% of the employees is less than 5 years. This is considered as a negative indicator that does not achieve high efficiency in the management of the audit process, although 25% of the study sample do have appropriate experience in the field of specialization. Finally, the fact that 62.5% of the study sample whose period of work in the firm is less than 5 years indicates a state of job instability and is a negative indication in the employment policies.

Table 3 Personal Characteristics of the Study Sample

Items		No. of Occurrences	%
Scientific Qualification Accounting- Auditing	Intermediate Diploma	6	5
	BA	84	60
	MA	18	15
	PhD	12	10
Total		120	100%
Age	Less than 30 years	30	25
	30-40 years old	60	50
	41-50 years old	24	20
	Over 50 years old	6	5
Total		120	100%
Years of experience in Auditing	Less than 5 years	90	75
	5-10 years	12	10
	10-15 years	12	10
	More than 15 years	6	5
Total		120	100%
Duration of work in the firm	Less than 5 years	75	62.5
	5-10 years	30	25
	More than 10 years	15	12.5
Total		120	100%

ANALYSIS AND HYPOTHESES TESTING

The first sub-hypothesis: There is no statistically significant effect of the use of the business risk-based audit approach on improving the level of disclosure and transparency in the financial statements of the audit clients in the Hashemite Kingdom of Jordan.

Table (4) below shows the results of the descriptive analysis, the arithmetic means and the standardized deviations of the responses of the study sample to the study questions. The data indicates that the use of the business risk-based audit approach contributes moderately to improving the level of disclosure and transparency in the financial statements, where the

arithmetic mean of the total views of the study sample reached 3.338. When the total arithmetic mean was compared to the testing mean according to Likert Scale, it was found out that the calculated arithmetic mean was bigger than the testing mean, which means that the null hypothesis “there is no statistically significant effect of using the business risk-based audit approach on the improvement of the level of disclosure and transparency in the financial statements of the audit clients in the Hashemite Kingdom of Jordan” is rejected and that the alternative hypothesis “there is a statistically significant effect of using the business risk-based audit approach on the improvement of the level of disclosure and transparency in the financial statements of the audit clients in the Hashemite Kingdom of Jordan” is accepted.

In addition, the total standard deviation of the responses which is 0.524 indicates there is a relative homogeneity in the study sample views about the effect of using the business risk-based audit approach on improving the level of disclosure and transparency in the financial statements of audit clients in the Hashemite Kingdom of Jordan.

Table 4 The Effect of Using Business Risk-Based Audit Approach on Improving the Level of Disclosure and Transparency in the Financial Statements

Item No.	Items	Arithmetic Mean	Standard Deviation	Level of Indication
1	The use of the business risk-based audit approach contributes to providing data that is accurate, clear and understandable.	3.367	0.524	High
2	The use of the business risk-based audit approach contributes to providing the appropriate data in the appropriate time.	3.392	0.503	High
3	The use of the business risk-based audit approach contributes to providing objective, bias-free data.	3.417	0.517	High
4	The use of the business risk-based audit approach contributes to providing analytical data that helps in understanding and comprehending the nature of business and the surrounding conditions of the client.	3.350	0.537	High
5	The use of the business risk-based audit approach contributes to providing predictive data that helps in making future decisions.	3.292	0.541	High
6	The overall average of the Responses	3.338	0.524	High

The second Sub-hypothesis: There is no statistically significant effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of audit clients in the Hashemite Kingdom of Jordan.

Table (5) below shows the arithmetic means and standardized deviations of the responses of the study sample to the study questions. The data indicates that the use of the business risk-based audit approach contributes moderately to reducing the size and procedures of the audit process, where the arithmetic mean of the total views of the study sample reached 3.287. when the total arithmetic mean was compared to the testing mean, it was found out that the calculated arithmetic mean was bigger than the testing mean, which means that the null hypothesis “there is no statistically significant effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of the audit clients in the Hashemite Kingdom of Jordan” is rejected and that the alternative hypothesis “there is no statistically significant effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of the audit clients in the Hashemite Kingdom of Jordan” is accepted.

In addition, the total standard deviation of the responses which is 0.505 indicates that there is a relative homogeneity in the study sample views about the effect of using the business risk-based audit approach on reducing the size and procedures of the audit process of audit clients in the Hashemite Kingdom of Jordan.

Table 5 The Effect of Using the Business Risk-Based Audit Approach on Reducing the Size and Procedures of the Audit Process of Audit Clients

Item No.	Items	Arithmetic Mean	Standard Deviation	Level of Indication
1	The use of the business risk-based audit approach contributes to increasing the focus on the most significant risks in the client processes.	3.267	0.514	High
2	The use of the business risk-based audit approach contributes to the appropriate determination of the quality and size of the necessary tests and to obtain more appropriate evidence for the audit items and goal.	3.358	0.547	High
3	The use of the business risk-based audit approach contributes to improving the ability to examine the largest amount of data and the ability to increase the size of the testing sample which increase the efficiency of the evidence supporting the auditors' opinions.	3.250	0.435	High
4	The use of the business risk-based audit approach contributes to using modern mechanisms and advanced software to carry out the audit work.	3.375	0.566	High
5	The use of the business risk-based audit approach contributes to a better distribution of tasks among the team members.	3.308	0.464	High

6	The use of the business risk-based audit approach contributes to reducing the time required to complete tasks and implement businesses.	3.367	0.517	High
7	The use of the business risk-based audit approach contributes to setting specific and accurate policies and procedures for business implementation.	3.025	0.467	High
8	The use of the business risk-based audit approach contributes to providing qualified human cadres.	3.275	0.518	High
9	The use of the business risk-based audit approach contributes to achieving the optimal use of the resources available to carry out the audit works.	3.392	0.555	High
10	The use of the business risk-based audit approach contributes to improving the auditor ability to enhance the documentation process and to update the client files.	3.250	0.454	High
10	The overall average of the Responses	3.287	0.505	High

Table 5...

The Third Sub-hypothesis: There is no statistically significant effect of using the business risk-based audit approach on the fees and costs of the audit process in the Hashemite Kingdom of Jordan.

Table (6) below shows the results of the descriptive analysis, the arithmetic means and standardized deviations of the responses of the study sample to the study questions. The data indicates that the use of the business risk-based audit approach contributes moderately to increasing the fees and costs of the audit process, where the arithmetic mean of the total views of the study sample reached 3.362. When the total arithmetic mean was compared to the testing mean according to Likert Scale, it was found out that the calculated arithmetic mean was bigger than the testing mean, which means that the null hypothesis “there is no statistically significant effect of using the business risk-based audit approach on increasing the fees and costs of the audit process of the audit clients in the Hashemite Kingdom of Jordan” is rejected and that the alternative hypothesis “there is a statistically significant effect of using the business risk-based audit approach on increasing the fees and costs of the audit process of the audit clients in the Hashemite Kingdom of Jordan” is accepted.

The total standard deviation of the responses is 0.591, which indicates the existence of a relative homogeneity in the study sample views about the effect of using the business risk-based audit approach on increasing the fees and costs of the audit process of audit clients in the Hashemite Kingdom of Jordan.

Table 6 The Effect of Using the Business Risk-Based Audit Approach on Increasing the Fees and Costs of the Audit Process of Audit Clients

Item No.	Items	Arithmetic Mean	Standard Deviation	Level of Indication
1	The use of the business risk-based audit approach requires using a new technology (equipment and software), which contributes to increasing costs.	3.425	0.617	High
2	The use of the business risk-based audit approach requires using modern and advanced software, which contributes to increasing costs.	3.308	0.577	High
3	The use of the business risk-based audit approach requires employing professional cadres with an appropriate level of qualification and competence, which contributes to increasing costs.	3.342	0.601	High
4	The use of the business risk-based audit approach requires developing the existing professional cadres through training and continuing education programs, which contributes to increasing costs.	3.292	0.556	High
5	The use of the business risk-based audit approach contributes to improving competitiveness through improving the quality of the audit processes and achieving customers' satisfaction.	3.442	0.591	High
The overall average of the responses		3.362	0.591	High

The Fourth Sub-hypothesis: There is no statistically significant effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit clients in the Hashemite Kingdom of Jordan.

Table (7) below shows the results of the descriptive analysis, the arithmetic means and standardized deviations of the responses of the study sample to the study questions. The data indicates that the use of the business risk-based audit approach highly contributes, with a high percentage between 60% - 80%, to the effective evaluation of the accounting system and the internal monitoring and control systems of the audit process, where the arithmetic mean of the total views of the study sample reached 3.219. When the total arithmetic mean was compared to the testing mean, it was found out that the calculated arithmetic mean was bigger than the testing mean, which means that the null hypothesis "there is no statistically significant effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit clients in the Hashemite Kingdom of Jordan" is rejected and that the alternative hypothesis "there is a statistically

significant effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit clients in the Hashemite Kingdom of Jordan.

The total standard deviation of the responses is 0.498, which indicates that there is a relative homogeneity in the study sample views about the effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of the audit process of audit clients in the Hashemite Kingdom of Jordan.

Table 7 The Effect of Using the Business Risk-Based Audit Approach on the Effective Evaluation of the Accounting System and the Internal Monitoring and Control Systems of the Audit Process of Audit Clients

Item No.	Items	Arithmetic Mean	Standard Deviation	Level of Indication
1	The use of the business risk-based audit approach contributes to improving the ability of analyzing and evaluating information systems.	3.250	0.554	High
2	The use of the business risk-based audit approach contributes to improving the ability of analyzing and evaluating the internal monitoring and control systems.	3.142	0.395	High
3	The use of the business risk-based audit approach contributes to increasing the efficiency and effectiveness of performance evaluation.	3.267	0.546	High
4	The use of the business risk-based audit approach contributes to increasing the level of employees' efficiency.	3.358	0.562	High
5	The use of the business risk-based audit approach contributes to improving the role of the hardware and software components of information systems.	3.383	0.522	High
	The overall average of the responses	3.280	0.516	High

Testing the Main Hypothesis: There is no statistically significant effect of using the business risk-based audit approach on the Value added of audit clients in the Hashemite Kingdom of Jordan.

The data in table (8) below indicates that the use of the business-risk based audit approach highly affects the value added of audit clients in the Hashemite Kingdom of Jordan, where the arithmetic mean of the total views of the study sample reached 3.317, which means that the calculated arithmetic mean is bigger than the testing mean. This means that the null hypothesis "there is no statistically significant effect of using the business risk-based audit approach on the

value added of audit clients in the Hashemite Kingdom of Jordan” is rejected and that the alternative hypothesis “there is a statistically significant effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan” is accepted.

The total standard deviation of the responses is 0.525, which indicates that there is a relative homogeneity in the study sample views about the effect of the audit approach on audit clients in the Hashemite Kingdom of Jordan.

Table 8 The Effect of Using the Business Risk-Based Audit Approach on the Value Added of Audit Clients

Items	Arithmetic Mean	Standard Deviation	Level of Indication
1 First sub-hypothesis	3.338	0.524	High
2 Second sub-hypothesis	3.287	0.505	High
3 Third sub-hypothesis	3.362	0.556	High
4 Fourth sub-hypothesis	3.280	0.516	High
The overall average of the Responses (Main Hypothesis)	3.317	0.525	High

One Sample T Test

The researcher believes that although the general arithmetic mean of the total responses which is 3.317 indicates a high level of significance, the approach of all the averages to the default mean (3) does not suggest absolute agreement about the study items. Thus, the researcher conducted One Sample T Test to show the extent of homogeneity in the study sample views about the effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan. The results were as shown in table (9) below.

Table 9 One Sample T Test

Items	Arithmetic Mean	Standard Deviation	Calculated T Value	Tabular T Value	Level of Significance	Basis for Decision
1 Sub-hypothesis 1	3.338	0.524	8.437	1.96	0.000	Rejection of null hypothesis
2 Sub-hypothesis 2	3.287	0.505	6.523	1.96	0.000	Rejection of null hypothesis
3 Sub-hypothesis 3	3.362	0.556	2.364	1.96	0.000	Rejection of null hypothesis
4 Sub-hypothesis 4	3.280	0.516	4.872	1.96	0.000	Rejection of null hypothesis
5 Main Hypothesis	3.317	0.525	5.617	1.96	0.000	Rejection of null hypothesis

Basis for Decision

- The null hypothesis will be accepted if the calculated T value is less than the tabular T value and the level of significance is greater than 5%.
- The alternative hypothesis will be accepted if the calculated T value is greater than the tabular T value and the level of significance is less than 5%.

Since the calculated T value is greater than its tabular value for the main hypothesis and all sub-hypotheses at the level of significance $\alpha = 0.05$, the results of the One Sample T Test confirm the rejection of the null hypothesis of the study “there is no statistically significant effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan” and the acceptance of the alternative one “there is a statistically significant effect of using the business risk-based audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan” and all the sub-hypotheses.

RESULTS

In the light of the previous data, the present study yielded the following results:

1. Generally speaking, the study data indicates that there is a statistically significant effect for using the business based-risk audit approach on the value added of audit clients in the Hashemite Kingdom of Jordan.
2. There is a statistically significant effect for using the business based-risk audit approach on improving the level of disclosure and transparency in the financial statements of audit clients in the Hashemite Kingdom of Jordan.
3. There is a statistically significant effect for using the business based-risk audit approach on reducing the size and procedures of the audit process of the audit clients in the Hashemite Kingdom of Jordan.
4. There is no statistically significant effect of using the business risk-based audit approach on reducing the fees and costs of the audit process in the Hashemite Kingdom of Jordan.
5. There is no statistically significant effect of using the business risk-based audit approach on the effective evaluation of the accounting system and the internal monitoring and control systems of audit clients in the Hashemite Kingdom of Jordan.
6. Based on the previous results, the study data indicates that there is an adequate level of understanding among the study sample of the relative advantages provided by the business risk-based audit approach for the audit offices and clients.

RECOMMENDATIONS

Based on the results above, the researcher recommends the following:

1. There is an urgent need to increase the level of awareness and achieve greater knowledge of the benefits and comparative advantages of using the business risk-based audit approach in improving the quality level of the audit process, which many Arab and foreign studies proved to be achieved including the relative benefits achieved through using the business risk-based audit approach in improving the level of disclosure and transparency in the financial statements, reducing the size and procedures of the audit process, reducing the fees and costs of the audit process and the effective evaluation of the accounting system the internal monitoring and control systems through continuous education and training programs which should be provided by audit offices to their employees.
2. The need for professional organizations in the Hashemite Kingdom of Jordan to play a greater role in educating and training workers in the field of audit about the relative benefits and advantages achieved through using the business risk-based audit approach in improving the quality level of the audit process.
3. The necessity of raising the level of skills of the audit offices workers to make them able to use the business risk-based audit approach and follow up the rapid developments in the professional field to increase the value added of the audit process and achieve the maximum benefits for the audit clients.
4. The need for academic institutions and research institutes to carry out more studies in the field of modern audit approaches and the business risk-based audit approach and its role in improving the quality level of the audit process.

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