

The Impact of CEO Characteristics on Conditional Accounting Conservatism and Its Reflection on Deferred Taxes

*Hayder Abbas Abed, **Full. Prof. Dr. Abedalhassin Tawfiq AL-Shabli,
#Full. Prof. Dr. Alaulddin Abdelwhab Hassoon

*University of Basrah /College Administration & Economic-IRAQ
<https://orcid.org/0000-0002-1704-5753>

**University of Basrah /college Administration & Economic- IRAQ
#Shatt Al Arab University College- IRAQ

DOI:10.37648/ijtbm.v16i02.009

¹Received: 19 April 2026; Accepted: 04 May 2026; Published: 14 May 2026

Abstract

The research aims to interpret and analyze the impact of the executive manager's behavioral factors or characteristics on conditional accounting conservatism and its reflection on the application of the International Accounting Standard (IAS 12) through the measurement and estimation of deferred tax assets and liabilities in Jordanian banks listed on the Amman Stock Exchange. They also relied on the inductive approach by analyzing and evaluating the main and sub-research variables based on the financial data reports of the (14) Jordanian banks registered in the Amman Stock Exchange for the period (2017 - 2024). Certain characteristics of CEOs, particularly gender and compensation, show a direct and statistically significant association with deferred tax liabilities. At the same time, conditional conservatism emerges as the most influential explanatory variable, confirming partial mediation. This suggests that executive attributes influence taxable temporary variances through governance-related incentives and conservative financial reporting behaviors.

Keywords: CEOs; IAS 12; Deferred tax; conditional accounting conservatism; Jordanian banks.

Introduction

In 2002, the United States passed the Sarbanes-Oxley Act (SOX), which requires the board of directors and the CEO to certify the suitability of their company's financial statements submitted to the U.S. Securities and Exchange Commission (SEC). Although the CEO is obligated to apply the non-equivalent recognition requirements for gains and losses according to Generally Accepted Accounting Principles (GAAP), the implementation of the Sarbanes-Oxley Act has strengthened oversight of financial reporting. The CEO is now responsible for certifying internal controls, thus reinforcing the application of GAAP (Hintz, 2023). The involvement of executives and accusations of financial data manipulation have become widespread in the United States. One example is Kozlowski, CEO of Tyco, who manipulated profits, resulting in a \$100 billion loss in the company's market value (an amount exceeding Enron's total losses) (Altarawneh et al., 2022). Since the 2008 global financial crisis, trust in leadership has declined. Institutionalization has increased the focus on the personal characteristics of the CEO in recent years, particularly their overconfidence. This is evident in the exaggeration of the CEO's decisions based on personal circumstances, as well as the underestimation of the risks associated with those decisions (Al-Shatri & Al-Sayed, 2023:64). The CEO is a key element in guiding companies to achieve their strategic goals. They are expected to possess the knowledge, skills, and clear vision necessary for the company's continuity and to enhance its reputation. Furthermore, they are required to commit to the quality of programs and services provided to customers, given their positive impact on society and their contribution to achieving sustainability goals (Carvalho et al., 2021).

¹ How to cite the article: Abed H.A., Al-Shabli A.T., Hassoon A.A. (May 2026); The Impact of CEO Characteristics on Conditional Accounting Conservatism and Its Reflection on Deferred Taxes; *International Journal of Transformations in Business Management*, Vol 16, Issue 2, 124-138, DOI: <http://doi.org/10.37648/ijtbm.v16i02.009>

Financial scandals in global companies, their inability to meet their obligations (short-term and long-term debts), and their exaggeration of profits through the adoption of liberal accounting policies in public companies, such as Enron and WorldCom, have led to the production of misleading and inaccurate financial statements and reports. This has contributed to increased corporate bankruptcy rates (Ahmed et al., 2024:188). This situation has fostered a pessimistic outlook on the world. Parker's theory of debt constraints, derived from McKinnell's positive theory, offers compelling explanations for the dominance of accounting conservatism in accounting practices. By 1900, deductive accounting theorists had been unable to completely refute the idea of accounting conservatism, likely due to its deep historical roots and the pragmatic seeds sown for its growth (Ali & Hamidi, 2024:97). Accounting conservatism is among the oldest concepts that concerned accounting thought at the beginning of the last century. In the initial stage, research was limited to describing the phenomenon of conservatism, which Bliss described as the established rule of not considering expected profits and considering expected losses. Sterling (1970) considered it one of the most influential determinants of financial statements (Al-Ansari, 2023:34). The need for accounting conservatism in financial reports was linked to the emergence of agency theory. The separation of ownership from management led economic units and shareholders to employ a group of professional managers to manage these units, with these managers tending to maximize their own benefits. The accounting of shareholders and the loss of reliability of financial reports led to flawed decision-making, including investment decisions (Al-Dalabih & Al-Khaza'leh, 2022:373).

The International Accounting Standards Committee (IASC) issued International Accounting Standard No. 12, "Income Taxes," which garnered significant attention from international and professional organizations. This standard advises recognizing deferred tax assets and stipulates that deferred tax assets and liabilities should be measured using tax rates and tax laws that were substantially enacted before the balance sheet date (IAS 12) (Ghashi, 2023:22). IAS 12 was developed to standardize the accounting treatment of income tax, address the differences between accounting income and taxable income (assets and liabilities), and clarify certain tax-related concepts and their accounting treatment (Abdul-Amir et al., 2020:17). The impact of IAS 12 on the tax base and tax revenue is considered one of the most effective technical tools for making the tax system in more flexible countries a reliable and objective reference for accurately determining tax revenue. And accurate and reliable tax revenue, which is a crucial sovereign resource for the state (Sulaiman & Al-Janabi, 2022:168). This standard addresses the recognition of deferred tax assets arising from losses and unused tax credits, along with the presentation and disclosure of income taxes in financial statements (Hussein et al., 2022:12).

Supervisory reports from the Amman Stock Exchange, whether from the Central Bank or the Securities Commission, have revealed a significant difference or variation in the level of accounting conservatism among listed entities, particularly those that rely on long-term estimates, such as insurance companies and banks. This directly impacts the size of deferred taxes and their effect on equity and net income, raising questions about the reliability of accounting figures and their ability to represent the actual performance of economic entities. Hence, the main research problem is the challenge faced by banks and insurance companies listed on the Amman Stock Exchange regarding the extent to which the behavioral factors of executive managers influence accounting conservatism and its impact on deferred tax assets and liabilities, according to International Accounting Standard (IAS 12).

This research contributes to highlighting the critical role of the executive manager's behavioral characteristics, as it reveals how these characteristics or traits influence the financial results of conditional accounting conservatism and deferred tax assets and liabilities under the Income Accounting Standard (IAS 12) (Income Taxes) in Jordanian banks listed on the Amman Stock Exchange. The research aims to interpret and analyze the impact of the executive manager's behavioral factors or characteristics on conditional accounting conservatism and its reflection on the application of the International Accounting Standard (IAS 12) through the measurement and estimation of deferred tax assets and liabilities in Jordanian banks listed on the Amman Stock Exchange.

Second : Developing Research Hypotheses

1 -The Impact of Executive Behavior Characteristics on Accounting Conservatism

Executive directors with greater authority wield significant influence over the financial disclosure policies of economic units. This allows them to control the dissemination of unfavorable news to mitigate litigation risks.

However, this behavior leads to a decline in transparency and the concealment of material information from investors, negatively impacting the credibility of financial reports and the stability of company share prices (Abdul Rahim, 2022:21). A study examining the impact of accounting conservatism on the managerial capacity of banks listed on the Iraq Stock Exchange concluded that the practice of accounting conservatism by these units affects the managerial capacity of their appointed executive directors. Their managerial capacity increases with the degree of conservatism practiced by these banks. According to the statistical results, there is a correlation between the level of accounting conservatism and the degree of managerial capacity of the executive directors of the banks in the research sample (Al-Abbasi & Al-Aqili, 2024:209). Accounting conservatism is one of the indicators that measures the strength of corporate governance, as it helps to mitigate the negative effects of agency issues related to executive compensation. A study also showed that accounting performance is often used as a key criterion in executive compensation contracts, which reinforces the role of conservatism in improving financial discipline and internal control (Lara, Osma, & Penalva, 2016). While a study by (Li et al. ,2019) explored the relationship between accounting conservatism and executive compensation in certain countries and for specific types of compensation, this study is the first to examine the impact of accounting conservatism on the excess amounts executives receive from companies. The results of the study by (Aguir et al. (2021) indicated that executives with the highest salaries and bonuses can choose specific accounting policies to achieve their own gains in line with their plans and objectives. This, in turn, has a negative impact on accounting conservatism in the following ways: First, they generally achieve discretionary goals, distorting accounting figures by overestimating their companies' profits. Second, the negative correlation between accounting conservatism and the highest-paid executives increases when they receive larger performance-based bonus incentives. These results suggest that powerful executives have an incentive to adjust earnings because larger incentives help them inflate their companies' accounting results. To distort accounting performance and provide investors with misleading information. These practices, in turn, lead to subsequent settlement problems and, unfortunately, end in fraudulent behavior. Conservatism also serves as a means to limit executive bias in disclosing financial performance and their opportunism in manipulating financial data by restricting the discretion available. According to agency theory, accounting is a means of providing information to key stakeholders (shareholders or debtors) to control the compliance of agents (managers) with contractual terms (Cui et al., 2021). High levels of accounting conservatism demonstrate strong governance in economic units, which in turn limits opportunistic behaviors by senior executives, such as excessive compensation and inefficient investments. Furthermore, accounting conservatism can mitigate the drawbacks of excessive executive confidence. Researchers explain that accounting conservatism can reduce manipulation of accounting data, thereby limiting or reducing executive behaviors (Hsu, Novoselov, and Wang; 2017). In light of this, the first research hypothesis can be formulated: First hypothesis: There is a significant relationship between certain characteristics of executive management behavior and accounting conservatism. Linear regression model of the effect of executive behavior characteristics on accounting conservatism

$$CC_{it} = \beta_0 + \beta_1 AB - CEO_{it} + \beta_2 AB - CEO_{it} + \beta_3 P - CEO_{it} + \beta_4 G - CEO_{it} + \beta_5 (SIZE) + \beta_6 (LEV) + \beta_7 (GROWTH REV) + \beta_8 (PROF) + \varepsilon_i \quad \dots \dots (1)$$

2 The effect of the executive manager's characteristics on deferred taxes through the role of the intermediary, conditional accounting conservatism (indirect relationship).

Watts (2003) stated that the motives for accounting conservatism include contractual obligations, shareholder litigation, accounting regulations, and finally, taxes. He also stated that the relationship between financial reporting and taxes leads to the application of accounting conservatism in financial statements. (Hintez ,2023) examined the usefulness of information contained in deferred tax expenses to demonstrate the degree of conservatism prevalent in financial statements. He observed that as deferred tax expenses increase, the book income skews upwards compared to taxable income, thus allowing for a lower degree of accounting conservatism when preparing financial statements. International Accounting Standard (IAS) 12 aims to clarify the accounting treatment of deferred income taxes, specifically how to account for the future effects of taxes. A study conducted by (Edegba et al. ,2022) on the relationship between IAS 12 and deferred taxes in New Zealand companies revealed that upon adopting the standard, the regression results for deferred tax assets decreased significantly, while deferred tax liabilities increased. Since IAS 12 uses the balance sheet approach, which includes the revaluation of deferred taxes, it is expected to capture more temporary differences and future deferred tax assets. Furthermore, the comprehensive accounting approach results in

higher tax liabilities than the partial accounting approach (Mer, 2011). International Accounting Standard No. (12) tends to promote financial reporting by recognizing in a timely manner the effects of deferred tax assets and liabilities on financial performance. This is consistent with accounting rules. Previous studies have noted that international standards represent an improvement in the status of accounting standards, which is attributed to the importance of the value of accounting information for participants in the capital market (Bradbury & Scott, 2021). The study by (Koubaa & Jarboui, 2017) focused on analyzing tax book differences (deferred tax liabilities) as an indicator of bad news for investors (future losses), while investors view deferred tax assets as an indicator of good news (future profits). Therefore, the extreme end of the accounting conservatism concept is recognizing early losses before recognizing profits. Accounting conservatism requires more accurate and objective reporting of financial statements to avoid overestimating assets and liabilities. It is recognized as a fundamental component of sound accounting practices free from fraud (Orthaus et al., 2023). The study by (Perakis & Koliass, 2024) indicates a positive correlation between accounting conservatism and high effective tax rates. This study combines agency, deterrence, and reasonable action theories to analyze the impact of accounting conservatism on the behavior of economic entities. Companies tend to be more conservative in their accounting practices if their deferred tax assets are low due to losses and tax provisions. Therefore, conservatism is considered Accounting is one way to implement the minimum deferred tax expenditure because it reduces net accounting and taxable income. **Linear regression model of the effect of the executive manager's characteristics on deferred taxes through the role of the intermediary, conditional accounting conservatism (indirect relationship).**

$$DTA = \beta_0 + \beta_1 CC_{it} + \beta_2 AB - CEO_{it} + \beta_3 AB - CEO_{it} + \beta_4 P - CEO_{it} + \beta_5 G - CEO_{it} + \beta_6 (SIZE) + \beta_7 (LEV) + \beta_8 (GROWTH REV) + \beta_9 (PROF) + \varepsilon_i \dots \dots (2)$$

$$DTL = \beta_0 + \beta_1 CC_{it} + \beta_2 AB - CEO_{it} + \beta_3 AB - CEO_{it} + \beta_4 P - CEO_{it} + \beta_5 G - CEO_{it} + \beta_6 (SIZE) + \beta_7 (LEV) + \beta_8 (GROWTH REV) + \beta_9 (PROF) + \varepsilon_i \dots \dots (3)$$

3 .The Impact of Executive Behavior on Deferred Taxes under IAS 12 (Direct Relationship)

The use of discretion by executives under Generally Accepted Accounting Principles (GAAP) is a central point of contention in the accounting for deferred tax accruals in many countries. Critics of standards such as US Financial Accounting Standard 109, "Income Tax Accounting," and UK Financial Accounting Standard 15, "Deferred Tax Accounting," argue that the broad discretion available to executives provides them with a potential tool for opportunistic earnings and balance sheet management. There is a significant negative relationship between CEO salary and tax aggressiveness; the higher the CEO's salary, the lower the level of tax aggressiveness. The CEO's age and tenure also show small but important results in explaining tax aggressiveness (Halioui, Neifar & Abdelaziz, 2016). The CEO is responsible for corporate tax policy, even if they don't personally make decisions originating in the accounting and tax departments. They proceed by delegating these decisions to the heads of those departments. The influence of CEOs on tax planning stems from the ideal of a "high-level directive tone" rather than their direct impact on tax strategy. CEOs may adjust resources allocated to rewarding the company's internal and external tax advisors. Indirect contributions by the CEO to reducing financial charges may occur in the form of incentives and bonuses allocated to tax department officials. Following this line of reasoning, it seems reasonable that the CEO can influence the company's operational, financial, and tax strategies (Dyrenge et al., 2010). In a study by (KHerbach, 2019) examining the impact of deferred tax revenue on company performance, it was found that it allows executives to manage earnings and identify the negative impact of deferred taxes on company performance. The study showed that income statements over three years demonstrated that income tax negatively affected company profitability, which in turn impacted performance. Executive managers in economic units tend to avoid incurring expenses when reporting low income. Furthermore, delaying revenue recognition and accelerating account recognition can increase unnecessary costs, which is reflected in deferred taxes (Ja'neit, 2021:1022). Evidence from the UK suggests that managers may have multiple motivations. It was found that although managers opportunistically measure deferred taxes to manage leverage, their actions, on average, do not reduce the predictive power of unrecognized deferred taxes on future profitability (Gordon & Joos, 2004). In a study examining how executives choose to exercise their discretion regarding the amount of deferred tax assets not recognized from accumulated losses, available under the income statement method specified in the standard, using data from companies listed on the Australian Securities Exchange during the period 1999 to 2005, evidence was found that supports earnings management practices that

increase income when pre-tax profits fall below average analyst expectations. The study found that changes in the amount of deferred tax assets not recognized from accumulated losses reflect managers' incentives to opportunistically manage earnings (HERBOHN et al., 2010, p. 763). In Under of this, the third main research hypothesis can be formulated: (There is a significant effect of certain characteristics of executive behavior on deferred tax under International Accounting Standard 12) **Linear regression model of The Impact of Executive Behavior on Deferred Taxes under IAS 12 (Direct Relationship).**

$$DTA = \beta_0 + \beta_1 AB - CEO_{it} + \beta_2 AB - CEO_{it} + \beta_3 P - CEO_{it} + \beta_4 G - CEO_{it} + \beta_5 (SIZE) + \beta_6 (LEV) + \beta_7 (GROWTH REV) + \beta_8 (PROF) + \varepsilon_i \dots \dots (4)$$

$$DTL = \beta_0 + \beta_1 AB - CEO_{it} + \beta_2 AB - CEO_{it} + \beta_3 P - CEO_{it} + \beta_4 G - CEO_{it} + \beta_5 (SIZE) + \beta_6 (LEV) + \beta_7 (GROWTH REV) + \beta_8 (PROF) + \varepsilon_i \dots \dots (3)$$

Third; - Applied Aspect

The researchers relied on the deductive approach by reviewing and analyzing research and studies related to the research topic, as well as extrapolating ideas and opinions contained in various sources to arrive at ideas and theoretical proposals related to the research topic. They also relied on the inductive approach by analyzing and evaluating the main and sub-research variables based on the financial data reports of the (14) Jordanian banks registered in the Amman Stock Exchange for the period (2017 - 2024).

1 -Characteristics of Executive Behavior, which can be defined as follows:

- a- The Executive's Managerial Ability, which can be measured by relying on the source (Dermerjian et al., 2012; 1234)
- b- The Executive's Long-Term Compensation, which is the percentage of the Executive's salary from wages, bonuses, and stock options or restricted stock, according to the source (Cummings & Knott, 2018).
- c- The Executive's Power, which is measured by three indicators: (the Executive's dual role, length of tenure, and share of shares). Therefore, we will focus on the Executive's share of shares, which is measured (Liu & Jiang, 2025): -

$$\text{Executive Power} = \text{Number of shares owned by the Executive} \div \text{Total company shares}$$

d- Accounting Conservatism: The researcher will rely on the standard accounting model used in most studies, which is based on the measurement model (Baso, 1997), which uses a non-time measurement scale. The revenue-expense symmetry model, developed by Khan and Watts (2009), is more suitable for strong markets such as America, the European Union, and the Gulf States, as well as the Basu (1997) model. To test the main research hypotheses, we conduct statistical analyses to determine the effect of executive manager characteristics, in the presence of control variables, on conditional accounting conservatism. We test the first hypothesis (that executive manager characteristics have an effect on conditional accounting conservatism) by performing a statistical analysis of the model, as shown in Table (1).

Table (1) Statistical Model Testing

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.182 ^a	.033	-.044-	6801688397021 49120.0000000

a. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

Table (1) indicates that the correlation coefficient (R) is (0.182), which indicates that the relationship between the characteristics of the executive manager and the conditional accounting conservatism was a weak relationship. Also, in the presence of the controlling variables, it does not add a real value because the value of (R Square) was negative (-0.44). Therefore, this is interpreted from an accounting perspective as the characteristics of the executive manager do not represent the main driver for the bank in following the policy of conditional accounting conservatism. This is because banks are governed by controls by the Central Bank of Jordan and international accounting standards. In order to confirm this, we conduct the statistical analysis (ANOVA).

Table (2)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.592E+36	8	1990118606538 1376000000000 0000000000.00 0	.430	.900 ^b
	Residual	4.673E+37	101	4626296505017 6776000000000 0000000000.00 0		
	Total	4.832E+37	109			

a. Dependent Variable: x9

b. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

Table (2) shows that the significance level was (0.9), which is greater than the significance level of (0.05). This confirms that the statistical model is not entirely significant. The (F) value was tested and found to be (0.430). This value is very low because it is less than (1), which confirms that the variance explained by the Regression model is very small compared to the random (residual) variance. This confirms that the characteristics of the executive manager do not affect the policy of conditional accounting conservatism in banks. This means that executive managers are unable to manipulate or personally influence these policies, or the level of audit committees in banks may limit the executive manager's power to influence the quality of reports and accounting conservatism.

Table (3)

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	- 1061594689046 53104.000-	9005875797032 35330.000		-.118-	.906
	x1	- 2968285606587 45090.000-	8059594374129 11740.000	-.038-	-.368-	.713
	x2	279913529132. 640	194746685661. 218	.154	1.437	.154
	x3	- 6286258595653 437.000-	9815494993653 396.000	-.071-	-.640-	.523
	x4	- 1351339414015 814400.000-	6247134114788 161500.000	-.025-	-.216-	.829

x5	6336922829572 662.000	4240744168431 1112.000	.016	.149	.882
x6	- 2405767593595 394.500-	3931323673110 023.500	-.065-	-.612-	.542
x7	- 1901780123514 360.500-	2832275625524 814.500	-.067-	-.671-	.503
x8	- 1115943531972 914.900-	2694194657484 209.000	-.053-	-.414-	.680

a. Dependent Variable: x9

Table (3) shows that all executive behavior characteristics had a value greater than (0.05), indicating the insignificance of the variables. However, the closest to significance was executive compensation, which reached (0.154), making it the closest or most influential variable in the model compared to the others. Analysis of the (B&BETA) value revealed a direct relationship only between executive compensation and term of office. This indicates that higher executive compensation and longer tenure suggest greater adherence to accounting conservatism. In contrast, the executive behavior characteristics (executive power, managerial ability, gender, and experience) showed an inverse (negative) relationship with conditional accounting conservatism. This suggests that an increase in these characteristics is accompanied by a decrease in the practice of accounting conservatism by executive managers in Jordanian banks. Based on Tables (1, 2, 3), we reject the hypothesis that executive characteristics have an effect on the practice of conditional accounting conservatism.

2- Testing the second hypothesis regarding the effect of independent variables, with the presence of control variables, on deferred tax assets in Jordanian banks

Table (4)

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.317 ^a	.100	.029		26427773.1729 750

a. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

Table (4) shows that there is a remarkable improvement in the explanatory power of the model compared to other models, as the value of (R) appeared at (0.317), and this indicates a moderate correlation between the characteristics of the executive manager and the presence of the controlling variables on deferred tax assets. We note that the value of (R Square) has increased from the previous model to reach a value of (0.100) or (10%), and this percentage is considered acceptable in behavioral and accounting studies. The presence of the controlling variables plays a complementary and influential role alongside the characteristics of the executive manager in determining the value of deferred tax assets. In addition, the influence of the executive manager on tax policies in banks does not operate in isolation from the banking environment.

Table (5)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7876849944543 400.000	8	9846062430679 25.000	1.410	.201 ^b
	Residual	7054114668310 3912.000	101	6984271948822 17.000		

Total	7841799662764	109			
	7312.000				

a. Dependent Variable: y

b. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

Table (5) shows that the significance value increased from (0.302) to (0.201) in the previous analysis, even though it exceeded the Sig value of (0.05). This indicates that adding the control variables brought the significance level closer and improved its explanatory power. Furthermore, the F-value increased from (1.232) in the previous model to (1.410). This increase suggests that the overall model has become more coherent and better able to explain the variance in the dependent variable (deferred tax assets). This demonstrates that studying the executive manager's characteristics alone is insufficient to understand the policy of deferred tax assets when considering the bank's structural characteristics (controlling variables). These variables refine the relationship and make it more realistic. This indicates that Jordanian banks are governed by regulatory and tax procedures that reduce the impact of the executive manager's personal judgment.

Table (6)

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	-32173639.937-	34992082.685		-.919-	.360
	x1	-30237035.359-	31315332.246	-.096-	-.966-	.337
	x2	9.641	7.567	.132	1.274	.206
	x3	-290112.027-	381378.358	-.081-	-.761-	.449
	x4	-48190546.396-	242730677.635	-.023-	-.199-	.843
	x5	2107799.803	1647729.482	.132	1.279	.204
	x6	321588.627	152750.500	.214	2.105	.038
	x7	-23756.767-	110047.290	-.021-	-.216-	.830
	x8	16106.013	104682.192	.019	.154	.878

a. Dependent Variable: y

Table (6) indicates that the controlling variable (profitability) (X6) had a value of (0.038), which is less than (0.05). This indicates a direct effect of profitability on deferred tax assets in Jordanian banks, and the relationship was direct. The value of (B) appeared as a positive value (321588.627), meaning that the higher the profitability, the greater the executive manager's inclination towards deferred tax assets. It was observed that the executive manager's compensation (X2) decreased after the control variables were introduced, but its effect remained direct. Meanwhile, the other independent and controlling variables were negative (inverse) on deferred tax assets in Jordanian banks. This partially accepts the hypothesis.

3- Testing the third hypothesis: The effect of the executive manager's independent variables, in the presence of the mediating variable (conditional accounting conservatism), on deferred tax assets.

Table (7)

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.470 ^a	.221	.151		24715851.9700 259

a. Predictors: (Constant), x9, x3, x7, x4, x6, x1, x5, x2, x8

Table (7) explains the occurrence of a large and very positive statistical leap in the strength of the model with the presence of the mediating variable (conditional accounting conservatism), as the value of the correlation (R) jumped to (0.470) compared to the previous models, which amounted to (0.31). This indicates that the conditional accounting conservatism as a mediating variable greatly improved the formulation of the model. The value of (R Square) amounted to (0.221), which explains the variance in deferred tax assets. This value doubled after the introduction of the conditional accounting conservatism by (10%). This means that the characteristics of the executive manager do not directly affect the deferred tax assets in Jordanian banks, but rather the effect is with the presence of the mediating variable (conditional accounting conservatism). Therefore, the conservative policy followed by the executive manager in Jordanian banks will reflect the effect of their individual characteristics on the formation of deferred tax assets.

Table (8)

ANOVA ^a		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1733066276722 4144.000	9	1925629196358 238.200	3.152	.002 ^b
	Residual	6108733386042 3168.000	100	6108733386042 31.600		
	Total	7841799662764 7312.000	109			

a. Dependent Variable: y

b. Predictors: (Constant), x9, x3, x7, x4, x6, x1, x5, x2, x8

It was observed from Table (8) that there was a significant shift in the model, as the model changed from (not significant) to (very significant), as the significance level appeared (Sig 0.002), which is less than the value of (0.05) and even less than (0.01). This means that the model as a whole is statistically significant with a confidence level of (99%). We note that the value of (F) reached (3.152), which exceeded the value of (3), and it indicates a high value that reflects the existence of a real and strong explanatory power for the model, especially when combining the characteristics of the executive manager, the control variables, and the conditional accounting conservatism. This indicates that executive managers do not directly affect deferred tax assets, but rather they exert their influence through the choice of a policy of (conditional accounting conservatism), which ultimately leads to the emergence of deferred tax assets.

Table (9)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-30663612.571-	32727639.223		-.937-	.351
	x1	-26014903.746-	29306466.834	-.082-	-.888-	.377
	x2	5.659	7.149	.077	.792	.430
	x3	-200695.392-	357397.179	-.056-	-.562-	.576
	x4	-28968902.606-	227059804.887	-.014-	-.128-	.899
	x5	2017662.513	1541164.259	.126	1.309	.193
	x6	355808.607	143120.317	.237	2.486	.015
	x7	3294.423	103148.179	.003	.032	.975
	x8	31979.352	97984.272	.037	.326	.745
x9	1.422E-11	.000	.353	3.934	.000	

a. Dependent Variable: y

Table (9) shows that the conditional accounting conservatism (X9) achieved the highest significance level at (0.000), which is less than (0.05). This indicates a direct effect of the conditional accounting conservatism on deferred tax assets. The (t) value was (3.934), which is also greater than (3). This confirms that this mediating variable is the primary driver in this model. This indicates that the conditional accounting conservatism is the channel through which administrative policies influence deferred tax assets. It also shows that the higher the accounting conservatism (early recognition of losses), the higher the deferred tax assets due to the temporary differences between accounting and taxable income. The control variable (profitability x6) had a significance level of (0.015), which is less than (0.05). This confirms that the profitability of Jordanian banks remains a crucial factor in the generation of deferred tax assets, even in the presence of the conditional accounting conservatism. Meanwhile, the remaining independent and control variables had significance levels greater than (0.05) This indicates that the effect of the CEO's characteristics is indirect, meaning that the CEO's personal characteristics do not directly affect deferred tax assets. Rather, their effect is mediated by the conditional accounting conservatism. This supports the fourth hypothesis that the CEO's characteristics, in the presence of the mediating variable (conditional accounting conservatism), have an effect on deferred tax assets.

4: The direct effect of the CEO's characteristics on deferred tax liability

Table (10)

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.469 ^a	.220	.158		2202809.8311840

a. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

Table (10) indicates that the correlation coefficient (R) with a value of (0.469) indicates a moderately strong positive relationship between the characteristics of the executive manager's behavior and the presence of control variables that have an acceptable explanatory power on the dependent variable (deferred tax obligation) in Jordanian banks. The value of the coefficient of determination (R Square) was (0.220), and this indicates that changes in the administrative leadership of banks affect the banks' orientations towards practicing conditional accounting conservatism and deferred tax obligation by a percentage of (0.220).

Table (11)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	137150168442051.810	8	17143771055256.477	3.533	.001 ^b
	Residual	485237115236108.060	100	4852371152361.081		
	Total	622387283678159.900	108			

a. Dependent Variable: y2

b. Predictors: (Constant), x8, x7, x5, x6, x1, x2, x3, x4

The importance of Table (11) is to ensure that the accounting model is valid as a whole for testing. It was found that the value of the significance level (Sig) reached (0.001), which is less than (0.005), and this indicates that the model is statistically significant with a confidence level of (99%). Meanwhile, the value of the (F) coefficient reached (3.533), which is greater than (1), and this indicates a positive indicator for the accounting model. Through these two values, this confirms the existence of a statistically significant effect of the independent and control variables on the deferred tax obligation in Jordanian banks.

Table (12)

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	-1708286.209-	2917273.123		-.586-	.559
	x1	1257038.758	2803321.950	.042	.448	.655
	x2	1.505	.634	.230	2.376	.019
	x3	-16988.855-	32082.302	-.053-	-.530-	.598
	x4	59745778.134	20247745.993	.313	2.951	.004
	x5	81241.140	137442.572	.057	.591	.556
	x6	22786.229	12790.509	.170	1.781	.078
	x7	-8028.824-	9174.414	-.079-	-.875-	.384
	x8	10043.869	8725.626	.132	1.151	.252

a. Dependent Variable: y2

Table (12) helps identify which characteristics of the executive manager influence deferred tax compliance. The table shows that the independent variable (gender) has the greatest impact on deferred tax compliance, with a significance level of (0.004), which is less than (0.05). This indicates that gender plays a pivotal and positive role in promoting deferred tax compliance. Most behavioral studies have shown that women in management positions tend to be more conservative in accounting and avoid tax risks. In our study, the majority of executive managers in the banks included in the research sample were men (93%). The second most influential variable was executive compensation, with a Beta value of (0.230) and a significance level of (Sig = 0.019). This indicates a positive correlation: higher executive compensation correlates with higher bank compliance with deferred tax. This suggests that executives receiving high compensation tend to adopt more conservative and compliant tax policies to maintain the bank's reputation and avoid any risks. A conflict with tax authorities that may affect distributed profits is explained by agency theory, while the remaining variables showed a weak impact on deferred tax liability.

5- The effect of independent variables with (conditional reservation) on deferred tax liability (banks)

Table (13)

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.609 ^a	.371	.313		1989077.3306701

a. Predictors: (Constant), x9, x3, x7, x4, x6, x5, x1, x2, x8

The regression model results indicate a moderate positive correlation between executive management characteristics and conditional accounting conservatism, on the one hand, and deferred tax liabilities, on the other, with a correlation coefficient of 0.609. The explanatory power of the model was 37.1%, a reasonable percentage in applied accounting studies, demonstrating that executive management characteristics significantly contribute to explaining changes in deferred tax liabilities in Jordanian banks. The adjusted coefficient of determination (31.3%) further strengthens the model's reliability, confirming that conditional accounting conservatism acts as an influential mediating mechanism in the relationship between executive management characteristics and deferred taxes. The results can be interpreted within the following theoretical framework: 1. According to agency theory, managers with high power or compensation may influence accounting recognition policies, which in turn affects deferred taxes. 2. Conditional accounting conservatism functions as a governance mechanism that limits the overstatement of profits, thus influencing the timing

of the recognition of temporary differences. 3. Jordanian banks are subject to strict regulatory and supervisory requirements, which makes the relationship between management and deferred taxes more sensitive.

Table (14)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2307008495669 62.620	9	2563342772966 2.516	6.479	.000 ^b
	Residual	3916864341111 97.250	99	3956428627385 .831		
	Total	6223872836781 59.900	108			

a. Dependent Variable: y2

b. Predictors: (Constant), x9, x3, x7, x4, x6, x5, x1, x2, x8

The results of the analysis of variance (ANOVA) test showed that the regression model was highly significant at the 0.000 level, with a calculated F-value of 6.479. This indicates a significant combined effect of executive characteristics, conditional accounting conservatism, and control variables on deferred tax liabilities in Jordanian banks. This result suggests that accounting policies related to temporary differences subject to IAS 12 requirements are influenced by managerial and behavioral factors, not just operational or organizational ones. These results can be explained in light of the nature of deferred taxes under IAS 12 Income Taxes, which arise from temporary differences between the accounting and tax bases of assets and liabilities. The significance of the model means: 1. Those executive characteristics (managerial ability, compensation, power, gender) collectively influence accounting recognition policies. 2. That conditional accounting conservatism plays an effective role in determining the timing of loss or profit recognition, which directly impacts temporary differences. 3. Those regulatory variables (size, profitability, growth, leverage) contribute to explaining the differences between banks.

Table (15)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1559750.557-	2634395.341		-.592-	.555
	x1	1705829.494	2533005.417	.057	.673	.502
	x2	1.108	.578	.169	1.917	.058
	x3	-8215.721-	29025.573	-.026-	-.283-	.778
	x4	61680312.382	18287491.506	.324	3.373	.001
	x5	72422.627	124120.151	.051	.583	.561
	x6	26156.004	11570.253	.196	2.261	.026
	x7	-5332.780-	8302.779	-.052-	-.642-	.522
	x8	11621.494	7885.680	.153	1.474	.144
	x9	1.415E-12	.000	.394	4.863	.000

a. Dependent Variable: y2

The regression analysis revealed that conditional accounting conservatism is the most influential variable on deferred tax liabilities, confirming its role as an accounting mechanism affecting temporary variances under IAS 12. A significant effect of executive gender and profitability was also found, while managerial ability and executive power did not show a direct, statistically significant effect. This suggests that the impact of executive management characteristics may be indirect, mediated through accounting conservatism policies. Conditional accounting

conservatism leads to the early recognition of losses and the deferral of profit recognition, resulting in larger temporary variances between the accounting and tax bases, and consequently, increased deferred tax liabilities. This aligns with IFRS requirements for recognizing temporary variances. Conditional accounting conservatism plays a pivotal role in explaining the relationship between executive characteristics and deferred taxes, supporting the mediation hypothesis in your research model. The mediation test results showed that conditional accounting conservatism acts as a significant mediator in the relationship between executive characteristics and deferred tax liabilities. It was found that the effect of conditional accounting conservatism on deferred tax liabilities was positive and statistically significant at the (0.000) level, which confirms that policies of early recognition of losses and deferral of profit recognition lead to a widening of temporary differences subject to the requirements of IAS 12. The results also indicate partial mediation, as the effect of some executive characteristics - such as the gender of the executive - continued after the introduction of the mediating variable, which shows that conditional accounting conservatism represents an important but not the only explanatory channel in the relationship under study.

Results

First: The Direct Impact of Executive Characteristics on Deferred Tax Assets

The results of the direct model showed limited explanatory power ($R^2=10\%$) and that the model was not statistically significant ($\text{Sig}=0.201$), indicating a weak direct impact of executive characteristics on deferred tax assets. The significant impact was limited to the profitability variable, acting as a control, with a direct relationship. This reflects the fact that the creation of deferred tax assets is linked to the ability to generate future profits that enable the recovery of temporary deductible differences. Therefore, executive characteristics do not exert a significant direct impact on this item without a transfer accounting mechanism.

Second: The Indirect Effect of Conditional Accounting Conservatism (Mediation Relationship)

When conditional accounting conservatism was introduced as a mediating variable, the explanatory power of the model increased to ($R^2 = 22.1\%$), and the model became highly significant ($\text{Sig} = 0.002$). Conditional accounting conservatism also exhibited the highest significance level (0.000) and a high Beta value, indicating a strong direct effect on deferred tax assets. This can be explained from an accounting perspective by stating that early recognition of losses and delayed recognition of profits lead to larger temporary differences between accounting and taxable profit, which in turn reinforces the recognition of deferred tax assets. Therefore, it is clear that the influence of the executive's characteristics is transmitted indirectly through the adoption of conservative policies, thus confirming the mediation effect.

Third: The Direct Effect of Executive Characteristics on Deferred Tax Liabilities

The results showed a significant direct effect of the model ($R^2 = 22\%$) at the 0.001 level, with the executive's gender and compensation showing a positive correlation. This indicates that certain managerial characteristics directly influence policies for recognizing temporary taxable differences. This can be explained, according to agency theory, by the idea that highly motivated managers tend to adopt more compliant and tax-disciplined policies to protect their reputation and reduce organizational risk.

Fourth: The Indirect Effect of Conditional Conservatism on Deferred Tax Liabilities

When conditional accounting conservatism was introduced, the explanatory power increased to ($R^2 = 37.1\%$), and the model became highly significant ($\text{Sig} = 0.000$). Conditional accounting conservatism emerged as the strongest influential variable ($\text{Beta} = 0.394$). These results confirm the presence of partial mediation, as the effects of some characteristics (such as gender and profitability) persisted after the introduction of the mediator. This is explained by the fact that conditional conservatism represents a key accounting channel through which administrative effects are transmitted to deferred tax items by reshaping the timing of revenue and expense recognition and the resulting temporary differences. Based on the above, it can be concluded that the executive's characteristics do not exert a strong, direct influence on deferred tax assets, but rather their influence is indirect through conditional accounting conservatism. In contrast, a direct and partial influence is evident on deferred tax liabilities, with this influence being amplified by the mediating variable, thus supporting the mediation hypothesis in the research model.

Conclusion

This study provides comprehensive empirical evidence on the relationship between CEO characteristics, conditional accounting conservatism, and deferred tax items within the framework of IAS 12. The findings indicate that CEO characteristics do not exert a statistically significant direct effect on deferred tax assets. Instead, their influence becomes meaningful when conditional accounting conservatism is introduced as a mediating mechanism. This confirms that managerial attributes are translated into financial reporting outcomes primarily through accounting policy choices rather than through direct intervention in deferred tax recognition. The results demonstrate that conditional accounting conservatism significantly enhances the explanatory power of the models related to both deferred tax assets and deferred tax liabilities. The mediating effect is particularly strong in explaining deferred tax assets, where early recognition of losses and delayed recognition of gains increases temporary deductible differences, thereby reinforcing deferred tax asset balances. With respect to deferred tax liabilities, the evidence reveals both direct and indirect effects. Certain CEO characteristics—particularly gender and executive compensation—show a statistically significant direct association with deferred tax liabilities. At the same time, conditional conservatism emerges as the most influential explanatory variable, confirming partial mediation. This suggests that executive traits influence taxable temporary differences both through governance-related incentives and through conservative financial reporting behavior. The study therefore supports an agency-based interpretation of financial reporting discretion, where managerial incentives and behavioral characteristics shape accounting outcomes under the regulatory constraints of IAS 12. However, the relatively weak direct effects observed in some models also highlight the moderating role of strong regulatory oversight in the Jordanian banking sector, which limits excessive managerial opportunism. Overall, the findings affirm that deferred tax accounts are not merely technical outcomes of accounting standards but are partially driven by executive behavior operating through conservative reporting practices. The study contributes to the international accounting literature by providing evidence that conditional accounting conservatism functions as a critical transmission channel linking executive characteristics to deferred tax measurement and disclosure.

Resources

- 1- Abdel Rahim, R. M. M. (2022). A study and test of the effect of the executive director's power and the risk of stock price collapse of companies listed on the Egyptian Stock Exchange under earnings management. *The Scientific Journal of Financial and Commercial Studies and Research*, 3(1, Part 2).
- 2- Aguir, A., Alqatan, A., & Bzeouich, B. (2021). Do the highest-paid CEOs affect the accounting conservatism? An empirical investigation in France. *Journal of Governance & Regulation*, 10(2), 96–107. <https://doi.org/10.22495/jgrv10i2art9>
- 3- Ahmed, N. H., Abu Al-Ala, M. A. A., & Abdul Saleh, A. M. A. (2024). Measuring the impact of accounting standards related to the preparation of the statement of financial position on accounting conservatism. *Journal of Financial and Commercial Studies*, (1).
- 4- Al-Absi, A. S. S., & Al-Aqili, A. F. (2024). The impact of accounting conservatism on managerial capacity. *Journal of Accounting and Financial Studies*, 19(66).
- 5- Al-Ansari, M. A. M. (2024). *The impact of adopting international financial reporting and institutional factors on conditional conservatism under institutional theory* (Doctoral dissertation, University of Basra, College of Administration and Economics).
- 6- Al-Dalabih, A. K., & Al-Ghazaleh, Q. K. A. (2022). The impact of conservatism on investment efficiency in Jordanian public shareholding companies. *Arab Journal of Management*, 42(1).
- 7- Ali, M. S., & Hamidi, K. S. A. Z. (2024). The relationship between accounting conservatism and investor tendencies. *Al-Ghari Journal of Economic and Administrative Sciences*, 20(4).
- 8- Al-Shatri, S. H., & Al-Sayed, M. A. M. (2023). The effect of excessive confidence among executive managers on the level of disclosure of future information. *Journal of Business Research*, 45(2).
- 9- Altarawneh, M., Shafie, R., & Ishak, R. (2020). Chief executive officer characteristics and financial restatements in Malaysia. *International Journal of Financial Research*, 11(2), 173–186.
- 10- Bradbury, M. E., & Scott, T. (2021). What accounting standards were the cause of enforcement actions following IFRS adoption? *Accounting and Finance*, 61(S1), 2247–2268. <https://doi.org/10.1111/acfi.12661>

- 11- Carvalho, A., Silva, F., & Pereira, M. (2021). Corporate sustainability and competitive advantage: The role of organizational knowledge, service quality and societal impact. *Journal of Sustainable Business Practices*, 15(2), 123–140.
- 12- Cui, L., Kent, P., Kim, S., & Li, S. (2021). Accounting conservatism and firm performance during the COVID-19 pandemic. *Accounting & Finance*, 61, 5543–5579.
- 13- Demerjian, P., Lev, B., & McVay, S. (2012). Quantifying managerial ability: A new measure and validity tests. *Management Science*, 58(7), 1229–1248.
- 14- Dyreng, S., Hanlon, M., & Maydew, E. (2010). The effects of executives on corporate tax avoidance. *The Accounting Review*, 85(4), 1163–1189.
- 15- Edeigba, J., Gyapong, E., & Tawiah, V. K. (2023). Analyses of unintended consequences of IAS 12 on deferred income taxes. *China Accounting and Finance Review*, 25(4), 465–487. <https://doi.org/10.1108/CAFR-08-2022-0098>
- 16- Ghashi, S. (2023). *The reality of applying deferred taxes in Algerian economic institutions* (Master's thesis, Mohamed Boudiaf University of Algiers, Faculty of Economic Sciences and Management).
- 17- Gordon, E. A., & Joos, P. R. (2004). Unrecognized deferred taxes: Evidence from the U.K. *The Accounting Review*, 79(1), 97–124.
- 18- Halioui, K., Neifar, S., & Ben Abdelaziz, F. (2016). Corporate governance, CEO compensation and tax aggressiveness: Evidence from American firms listed on the NASDAQ 100. *Review of Accounting and Finance*, 15(4), 445–462.
- 19- Herbohn, K., Tutticci, I., & Khor, P. S. (2010). Changes in unrecognized deferred tax accruals from carry-forward losses: Earnings management or signaling? *Journal of Business Finance & Accounting*, 37(7–8), 763–791. <https://doi.org/10.1111/j.1468-5957.2010.02207.x>
- 20- Hintz, C. (2023). *CEO, CFO, and audit partner gender, and accounting conservatism* (Electronic thesis and dissertation, University of Denver). <https://digitalcommons.du.edu/etd/2227>
- 21- Hintz, C. (2023). *CEO, CFO, and audit partner gender, and accounting conservatism* (Electronic thesis and dissertation, University of Denver). <https://digitalcommons.du.edu/etd/2227>
- 22- Hsu, C., Novoselov, K., & Wang, R. (2017). Does accounting conservatism mitigate the shortcomings of CEO overconfidence? *The Accounting Review*, 92(6), 77–101.
- 23- Hussein, H. K. N., Ali, M. I., & Abdul-Amir, M. (2022). The role of International Accounting Standard 12 in attracting foreign investments and its impact on the state's general budget. *Journal of Accounting and Financial Research*, 5(2).
- 24- Ja'nit, A. (2022). *The reality of the commitment of Algerian economic institutions to applying the requirements of the International Accounting Standard for Income Taxes IAS 12* (Doctoral dissertation, Ziane Achour University, Faculty of Economic, Commercial and Management Sciences).
- 25- Kherbachi, S. (2019). The effect of deferred tax expenses on firm performance: Case study. *Journal of Financial, Accounting and Management*, 6(3), 597–612. <https://www.asjp.cerist.dz/en/article/110402>
- 26- Koubaa, R. R., & Jarboui, A. (2017). Normal, abnormal book-tax differences and accounting conservatism. *Asian Academy of Management Journal of Accounting and Finance*, 13(1), 113–142. <https://doi.org/10.21315/aamjaf2017.13.1.5>
- 27- Lara, J. M. G., Osma, B. G., & Penalva, F. (2016). Accounting conservatism and firm investment efficiency. *Journal of Accounting and Economics*, 61(1), 221–238.
- 28- Li, H. (2019). Accounting conservatism and managerial excess perks. *Accounting and Finance Research*, 8(2), 32–42. <https://doi.org/10.5430/afr.v8n2p32>
- 29- Persakis, A., & Koliass, G. (2024). Beyond the balance sheet: Unraveling the impact of accounting conservatism and values on tax avoidance. *Journal of Accounting and Taxation*, 16(2), 91–107. <https://doi.org/10.5897/JAT2024.0602>
- 30- Sulaiman, S. A., & Al-Janabi, A. M. S. (2022). The extent of the Iraqi environment's response to the requirements of International Accounting Standard 12 in determining income tax. *Journal of Accounting and Financial Studies*, 17(61).