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The impact of top management team heterogeneity on book-tax differences: An analysis using institutional perspective

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ABSTRACT

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The aim linked with the ongoing article is to examine the role of top management team heterogeneity along with audit committee characteristics on the book-tax difference of the Jordanian listed firms. The data has been extracted from the eighteen listed companies from 2009 to 2021 that are listed on the Amman Stock Exchange. To test the hypotheses, a fixed-effect model along with the robust standard error model has been executed. The results revealed positive linkage among the top management team heterogeneity, audit committee characteristics, and book-tax difference of the Jordanian listed firms. These findings are suitable for the regulators who want to develop new policies related to the book-tax difference and top management team heterogeneity along with the new researchers who want to investigate this area in the future.

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1. Introduction

Different firms have numerous measures in the perspectives of management and audit, but the implication over the variation in tax differences are also dominant. Firms adopt some strategic implications that eminently influence the variations that prevail in organizational structures. Strengthening of management through appropriate teams usually endorse some eminent measures over the different functions of firms. Usually, companies strive for better emerging increments from the different projects, but the consideration of all possible checks could evaluate the performance measures. The growth rate of Jordan was steady after years that remained from 2010 to 2016 at 2.2% while comparing with the average rate of growth at 7.4% from 2004 to 2009. Exports similarly declined with the percentages of 4.2%, 6.6% and 6.0% in 2016, 2015, and 2014. While adding the rate of unemployment, it increased to 15.3% during 2016 while comparing the period of 2014-15 at 11.9% and 13.1%. During the high level of slow growth and rate of unemployment, immigrations were over more than 655,000. After the sector of services, the manufacturing sector is considered as the biggest sector in the industry at the second place (Globaledge, 2018). The diversity of boards that prevail in the firms for the sake of financial performance and corporate disclosure inserts intervening elements to enable positive response. In Jordan, the sector of manufacturing contributed 18.17%, the sector of services contributed 66.76%, industrial contributed 10.77%, and agriculture contributed 4.3% towards gross domestic product (GDP) in 2016. In the era of 2000 to 2009, the GDP of Jordan was averaged at 6.5% while the duration of 2010 to 2016 endorsed average growth at 2.5%. At the growth rate, the total debt of the public was increased in Jordan which rendered a 95% ratio of debt-to-GDP in 2016 which was compared in 2010 at 61%. While the growth rate was 2% in 2016, the targets were made in 2017 with a rate of 4.9% which was set in a vision of 2025 (Globaledge, 2018).

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A strong relationship exists between corporate social responsibility disclosure, financial performance, and board diversity information (AL-Qudah et al., 2022; Hassan, Saleh, & Ibrahim, 2020; Aryan et al., 2022; Saraireh et al., 2022). From the perspective of board diversity, it is viewed from the functional background, educational level, tenure of companies, and genders. Management is viewed from the side of the board of firms that allocate the functions following the capabilities of various departments that function in firms. The dominance of financial audit and corporate social responsibility in the assurance of services usually influences the assessment of auditors where the capabilities and characteristics are clear (Maso, Lobo, Mazzi, & Paugam, 2020). For the risk going concern, the implication of CSR and financial audit duly linked with joint provisions of the audit firms that are the same. Some countries that import goods from the markets of Jordan include the Arab surroundings comprising 44%, North Americans at 28%, Asians at 21%, Europeans at 3% while others at 3% (JordanEmbassy, 2019). Generally, the manufacturing sector tends to be an eminent one for the sector of economies that assists the exchange rates of Jordan and enhances the government budget at 1.4 billion USD as annual taxes (JordanEmbassy, 2019). The national exports are significantly contributed to 90% and known as an eminent source for jobs of the public. The manufacturing sector employed labor forces of over 20% in 2015 while companies reached in 2000. Most of the countries usually ensure the going concerns of audited reports for the risks that exist in firms of growing countries. Several determinations of audit exit in the firms that are conscious about their image over the world and competitive markets. In generalizing the view of firms and financials, the income book usually describes the income retrieved before tax. The certain amount that arrives from income enumerates the performance of firms during a certain period.

Jordan also used to export various things wherein 2013, it exported USD 1.38 billion to Iraq during 2014-15-16 while the exports reduced up to USD 1.28 billion, USD 497 million, and USD 749 million respectively. While comparing with 2011, there was an eminent increase in the deficit budget in 2015 at 59.1% due to a significant decline in foreign grants at 28.3%. Sales also declined in 2015 at 12% in the sector of manufacturing due to the slow sale slump. The output of industry was registered at 1.1% growth which was negative in 2015; therefore, industrialists were forced to implement a reduction in prices at 13.6% for maintaining the market share. There is a variation of taxes where the income arises after and before tax while the interpretation enables the financial conditions of the firm. The strengthening relationship between auditors and the committee of audit could be enumerated through the robustness of communication. Meeting frequency in the audit committee significantly enhances the oversights of the company's performance (Fioleau, Hoang, & Pomeroy, 2019). Differences in taxes are carried out on behalf of liabilities and assets that are rendered on the balanced sheets. Usually, differences in book-tax elaborated the financial reporting through revenue and expenses of firms. The literature discusses the significant role of audit committee independence that helps firms to control the practices of earning management (Kapkiyai, Cheboi, & Komen, 2020).

The robust relationship prevails between the tax audit determinants and consequences of audits while ascertaining the performance and effectiveness of firms. There is the effectiveness of selecting firms by the tax authorities due to several implications of tax differences (Li, Pittman, & Wang, 2019). Usually, the firms are selected with the lower implication of rates with the comparison of tax audits and financial audits of the firms. There were aims for the plans to jumpstart the economic growth of Jordan while aligning the targets for 2021 and farther. The history of debt-to-GDP ratio was analyzed at 220% in 1990 which was approximately 60% during 2008 while viewing the financial crisis globally. During the last seven years since 2018, the ratio of debt-to-GDP reached 95% due to the slowdown of global economic conditions. Jordan inserted the plan to standby that was arranged through the IMF during 2012-2015. In 2016, the international community committed to giving 723 million US\$ to reduce the ratio of debt-to-GDP in 2021 at 77% (EconomicPolicyCouncil, 2018). While keeping in view the view of knowledge and learning of teams, strong communication has been retrieved between top management and firm strategies. The relation between TMT heterogeneity and firms are enumerated with a strong influence over the expansion of strategies globally (Meng, Yan, & Cao, 2019). The insights are dominant on the determinants of decisions taken by tax authorities for the initiating of audit and hence, the influence of tax audit is imminent on financial and tax reporting. Top management usually decides the implication of an audit committee for the ascertaining elements of tax differences; therefore, the performance of environments and behavior of corporate tax is important (Fallan & Fallan, 2019). The involvement of the board, the expertise of the board, and culture of risk with top management usually interlink with the structure of risk that exist in firms (Vincent, Higgs, & Pinsker, 2019). Some companies don't adhere to the significance of audit in companies that strongly influences the financial conditions of firms. Therefore, the relation among the audit and tax is dominant where the quality of audit is usually seen in most of the firms (Castillo-Merino, Garcia-Blandon, & Martinez-Blasco, 2020).

2. Literature Review

Usually, the behavior of corporate tax and performance of environments in the management are important aspects of CSR. Robust indication of relationship exists between the trade-offs of mandatory disclosure of management and aggressiveness of corporate tax in the firms. There are differences over corporate strategies for the voluntary and mandatory actions that are in the framework lines of legitimization strategy and legitimacy risk. Management is deployed by the owners and boards; therefore, there is a possibility of CEO compensation effect over the avoidance of corporate tax (Jihene & Moez, 2019). So, there is the effectiveness of audit quality on the efficiency of corporate governance over fraudulent and opportunistic actions. Significantly, the quality and cost of audit that is ascertained from the characteristics of the audit must be interrogated to enhance the possible impact over the tax differences. Therefore, some changes prevail between the cost and quality of audit

surrounding services that need the names of audit partners (Cunningham, Li, Stein, & Wright, 2019). For the elaboration of such changes, some differences analysis could be used with the other groups of controls. The significant role of top management is prevalent between the audit characteristics and tax differences. Audit characteristics usually influence the prevalence of book-tax differences that exist in the firms, while the role of the individual in firms is prevailing. The significance of tax knowledge is important for the compliance of tax over the firms of various countries (Sriharan & Salawati, 2019; Mohammad, 2020). Firms comprise various hierarchical structures that have boards which is consistent with the implication of top management. The strong influence of top management usually exists in companies having robust profitable conditions in the enterprises (AL-Zyadat et al., 2022). A characteristic of teams of top management influences the profits of state-owned firms where the obligations and objectives are certain with conditions. Profit is estimated through the means of net profit or operating profit, but the overall interests are prevalent on the top management teams that intervene in firms for earnings (Putri & Rossieta, 2019). There is a strong link between the characteristics of the audit committee and book-tax differences while the ascertaining means are different. The significance of risk is dominant in any company; therefore, the existence of management or board usually affects the risk maturities. There are both external and internal controls in firms, but the strong effects of audit characteristics duly influence the differences in book-tax.

While looking into the issues of firms, the independence of the committee positively enumerates the possible paths of growth. It is dependent on the level of audits that are performed in companies without any influences; therefore, the legitimization of risks could be eliminated by the independence of the audit committee. The expertise of audit has due influences over the implication of tax policies; therefore, the use of external audit usually eliminates the risk factors that prevail in firms (Alderman & Jollineau, 2020). Due to the influence of some authorities, various matters are compromised where the independence of audit committee independence helps firms to eliminate the compromising elements. The firms need to manage the corporate reputation; therefore, the independence of the audit committee significantly enumerates eminent measures (Pérez-Cornejo, de Quevedo-Puente, & Delgado-García, 2019; AlTaweel & Al-Hawary, 2021). Various systems are developed to manage risk, but the eminence of audit committee independence looks forward to managing the prevailing risks and managing corporate reputations. Usually, the distress prevails in the firms between the maximization of income and financials, but the significance of audit committee characteristics helps firms to strive out the situation. Studies interpreted the relationship between the maximization of income and financial distress through the robust influence of committee independence (Partha, Widanaputra, Ratnadi, & Mimba, 2019). Where the quality of audit prevails, the firms look for the independence of audit to conclude the position of companies whether financially or operationally. The effectiveness of the audit committee significantly plays a role in the management of earnings in firms (Agyei-Mensah & Yeboah, 2019). Studies widely interpreted the audit committee influences over the earning management and quality of audit. Studies examined the significance of book-tax differences along with the financial aspects of firms. Strong relationship prevails between cash flows, debt levels, and book-tax differences as stated in wide studies where influences are prevalent on stock markets (Widiatmoko & Indarti, 2019). Literature mentioned book-tax difference which is somehow linked with the earnings whether positive or negative. Most countries establish measures to avoid the implication of taxes in firms where the occurrence of book-tax differences influences the outcomes. The dominance of firms prevails in the management practices where the implication of robust audits evaluates the controlled earnings. In the era of financial scandals globally, the enhanced effectiveness of the audit committee could assert reduction in the earnings of firms.

Most of the firms look forward to the characteristics of an audit due to expertise in different sectors. Therefore, audit firms usually provide services to firms that have a low focus on financial expertise or corporate tax. Companies usually strive for the higher-earning benefits but the controlled measure implication also helps to be aware of the risk factors. Studies mentioned the experts of finance that have a strong contribution toward corporate tax but the eminence of measures influence the firm performance. Companies having financial experts are dominated as a robust determinant for the avoidance of corporate tax (Huang & Zhang, 2020). The implication is due to the aggressiveness of tax policy that disrupts benefits and costs. Usually, the audit committee has influence over the decisions of management but the importance of analysis and discussion enhances the robustness of expertise. There is strong financial expertise of the audit committee that strongly influences the tone of analysis and discussion in firms (Lee & Park, 2019). The abilities of committee chair belong to the sectoral expertise which is to be provided within firms. Studies mentioned the effectiveness of the audit committee through the financial expertise strongly respond toward the outcomes (Khemakhem & Fontaine, 2019). In some great countries, the link between book-tax differences and management of earnings has been reviewed with significant importance of tax avoidance (Cappellesso & Rodrigues, 2019). Due to the insignificance of earnings, various countries have examined the implication of book-tax differences to assert possible findings rendered to the avoidance of tax and earning management. Persistence of profit is widely enumerated in literature with the relationship between quality of profit, capital structure, and book-tax differences. The dependence prevails upon the policymakers and corporate board which enhances firms' capability while going beyond the financial expertise. Companies that are indulged in the frauds entail large discrepancies between the non-financial measures and grow revenues. Certain auditors are capable of countering the frauds that are dominating elements restraining the growth of firms (Brazel & Schmidt, 2019). A strong influence of audit expertise has enumerated the association with lower risks and fraud with enhanced performance. The power of finance prevails in companies tackling every aspect that could be found for various barriers in growth. Due to the politicized issues of taxes, the implication of financial experts has overcome the situation that can disrupt the firm positions (Massoc, 2019).

The literature stated the frequency of meetings with the dominance of the audit committee in the firms. The impact of meeting frequencies is eminent in the tax structures where the engagements are necessary to ascertain various conditions with financial performance. Studies mentioned the Italian audit regime where the accountants were deployed to audit the client while viewing financial statements and tax returns (Bianchi, Falsetta, Minutti-Meza, & Weisbrod, 2019). The compulsion of an audit is dominantly overlooked due to the individuals from accounting firms, but the significance prevails due to the professionalism of their network and competence. Usually, it is believed that individuals have been elected due to the lower tax rate effectiveness as compared to the audit teams. It is dependent on the planning of tax; therefore, the effectiveness of meetings dominates in the committee of an audit. Usually, firms are responsible for the planning of tax but the effectiveness of audit meeting frequencies helps firms to forecast the tax implications (Francis, Neuman, & Newton, 2019). For exploiting the law of taxes, the planning of tax influences the operations of firms through the choices of strategy. The link between an association of avoiding corporate tax and meetings of boards or audits significantly relates to the firms. It is significantly elaborated in the literature that tax feasibility is positively linked with the frequency of audit or board meetings or not. The dominance of meeting frequencies influences the liability of corporate tax where the rates of taxes reduce due to consistencies (Barros & Sarmento, 2020). Frequencies of meetings have a probable impact on the relationship between private and public sector businesses. Therefore, the significance of meeting frequency dominantly impacts the determination of budget constraints whether in the sense of taxes or financial conditions (Larhsoukanh & Wang, 2019). The strong influence is ascertained among the profit, set of investment opportunities, and book-tax differences on the quality of profits (Ashma & Rahmawati, 2019). Due to the change in taxes, book-tax differences render strong influences over profit before taxes and the burden of taxes. Certain changes in tax rates have implications over the businesses; therefore, book-tax differences consistently have quality measures over the forecast of earnings. The eminences of collaboration and meeting frequency have a dominating effect on the budget of industries of tourism in the countries that are growing. Most of the constraints are rectified through the high level of meeting frequencies between auditors and firms; therefore, a robust impact of knowledge and communication style influences the differences.

H₁: *Audit committee characteristics have significantly associated with book-tax differences of Jordanian Listed Firms.*

Management has a large contribution over the growth of firms, but some constraints have enlightened the situation where the lack of management teams is employed. The eminence of top management significantly results in better strategic positions not only for operational management but also for higher income. Team heterogeneity of top management has strong influences over the performance of firms while the implications are also endorsed over the audit and tax differences. Strong strategic practices by the top management insert a diversifying role in the earnings of firms where the performance is also a dominant measure. Top management teams have robust influences over the organizations of public benefits (Gachugu, Awino, Machuki, & Iraki, 2019). The role of the external environment and strategic leadership is also dominant due to the effectiveness of top management practices. Diversity of top management inserts various measures over the literature where the black box contains the effectiveness of team management. Through the top management teams, social categorization and information tend to be clear in the firm context that strives for sustainable measures (Roh, Chun, Ryou, & Son, 2019). The paths of top management are cleared by the links of performance that are inserted in various relationships. Usually, the era comprises the consistency or collapse of relationships but the effectiveness of top management teams help to enhance the ability of firms. The performance of top management teams helps firms to enlarge the leverage capabilities that influence the outcomes mentioning innovation (Medina, Ramachandran, & Daspit, 2019). The overall link of top management is significantly influenced by the behaviors of an organization. Organizations get aware of the importance of top management which helps firms to manage the process of acquisition with sustainable knowledge (Ugalde Vásquez & Naranjo-Gil, 2020). Most of the top management looks toward the external environments for sustainable initiatives and opportunities in the determination of audit and taxation measures. The study further mentioned the significance of TMT with the acquisition of knowledge for the enhancement of the firm's performance. Studies mentioned the association of informative and accurate forecasts with the book-tax differences (Choi, Hu, & Karim, 2020). Robust link exists between forecasting accuracy and book-tax differences with strong impacts for the ascertainment of earning role in firms.

H₂: *Top management team heterogeneity has significantly associated with book-tax differences of Jordanian Listed Firms.*

3. Research Methods

The aim linked with the current article is to examine the role of top management heterogeneity and characteristics of the audit committee on the book-tax difference of the Jordanian listed firm. The data has been taken from the eighteen listed companies from 2009 to 2021 that are listed on the Amman Stock Exchange. To test the hypotheses, a fixed-effect model along with the robust standard error model has been executed. Usually, the data set has the problem of heterogeneity while the fixed effect model provided the best estimation to control the effects of heterogeneity (Mirza, Abbas, & Nawaz, 2020; Wang, 2015). However, the study has a cross-sectional dependence data set because the firms that have been selected are eighteen (cross-sections) more than the years (time series) data has been used in the study. Thus, the robust standard error is the best technique of estimation in the case of a cross-sectional dependence data set (Hoechle, 2007).

As far as the variables along with measurement are a concern, the top management team heterogeneity includes the age, size, and tenure heterogeneity. Age heterogeneity has been calculated by the coefficient of variation among the age of top managers' while the size heterogeneity has been calculated by the coefficient of variation among the number of top managers and the tenure heterogeneity has been calculated by the coefficient of variation among the tenure of top managers. Where a high score indicates heterogeneity while a low score indicates homogeneity (Zimmerman, 2008). In addition, to measure the audit committee characteristics, the characteristics such as size and experience of the audit committee have been used while the size of the audit committee is measured as the total number of members in the audit committee. On the other hand, the experience of the audit committee has been measured as the average tenure of members in the audit committee within the organization (Goodwin-Stewart & Kent, 2006). In addition, the profitability and size of the firm have been used as the control variables and measured as the ROA and log of total assets respectively. Finally, the book-tax difference has been calculated by taking the difference between pretax book income and taxable income. Based on these variables the current has developed the following equation:

$$BTD_{it} = \alpha_0 + \beta_1 TMTS_{it} + \beta_2 TMTT_{it} + \beta_3 TMTA_{it} + \beta_4 ACS_{it} + \beta_5 ACE_{it} + \beta_6 FS_{it} + \beta_7 ROA_{it} + e_{it}$$

where;

BTD = Book-tax difference

i = Firm

t = Time Period

TMTS = Top management team size heterogeneity

TMTT = Top management team tenure heterogeneity

TMTA = Top management team age heterogeneity

ACS= Audit committee size characteristic

ACE= Audit committee experience characteristic

FS = Firm size (Natural Log of Total Assets)

ROA = Return on assets

These variables along with measurement have shown in Table 1.

Table 1
Measurement of Variables

S#	Variables	Measurement
1	Book-tax difference (BTD)	Pretax book income less taxable income
2	Top management team age heterogeneity (TMTA)	Coefficient of variation among the age of top managers
3	Top management team size heterogeneity (TMTS)	Coefficient of variation among the number of top managers
4	Top management team tenure heterogeneity (TMTT)	Coefficient of variation among the tenure of top managers
5	Audit committee size characteristic (ACS)	Total number of members in the audit committee
6	Audit committee experience characteristic (ACE)	The average tenure of members in audit committee
7	The profitability of the firm (ROA)	Return on assets
8	Size of the firm (FS)	Log of total assets

4. Findings

The findings show the variance inflation factor (VIF) that highlighted the multicollinearity assumption of the regression along with the correlation matrix that mentioned the correlation among the variables. In addition, results also include the Hausman test that shows the appropriateness of the model among the fixed and random. Finally, results show the fixed effect and robust standard error model that show the relationships among the variables. Firstly, the findings show the VIF and the values of VIF are lower than 5.0 that is the indication of the validity of the multicollinearity assumption of regression (Alshawabkeh et al., 2022; Boudlaie et al., 2022; Alolayyan et al., 2022; Mukhlis et al., 2022). These values are highlighted in Table 2.

Table 2
Variance Inflation Factor (VIF)

	VIF	1/VIF
ROA	3.773	.265
TMTA	3.642	.275
TMTT	3.597	.278
ACE	3.166	.316
ACS	2.294	.436
FS	2.226	.449
TMTS	1.639	.61
Mean VIF	2.905	.

Secondly, the correlation matrix has been executed that shows the correlation among the variables such as TMTS, TMTA, TMTT, ACS, and ACE has a positive association with the BTD of the listed firm in Jordan. These values are highlighted in Table 3.

Table 3
Correlation Matrix

Variables	BTD	TMTS	TMTA	TMTT	ACS	ACE	ROA	FS
BTD	1.000							
TMTS	0.253	1.000						
TMTA	0.198	-0.500	1.000					
TMTT	0.665	0.070	0.409	1.000				
ACS	0.239	-0.047	0.344	0.220	1.000			
ACE	0.570	0.028	0.364	0.821	0.232	1.000		
ROA	-0.253	-0.223	0.434	-0.086	-0.309	-0.118	1.000	
FS	0.029	0.160	-0.368	-0.017	-0.167	0.045	-0.618	1.000

To check the appropriateness among the model of fixed and random effect, the Hausman test has been executed and the figures indicated that p-values are less than 0.05 that reject the null hypothesis about the random effect is appropriate. Thus, the fixed-effect model has been used by the study. These statistics are shown In Table 4.

Table 4
Hausman Test

	Coef.
Chi-square test value	15.34
P-value	0.031

The fixed-effect model has been executed by the study to test the hypotheses of the study and the figures indicated that TMTS, TMTA, and ACE have positive along with significantly linked with the BTD of the listed firm in Jordan and accept H1 and H2 of the study. However, ACS, ROA, and FS have negative along with significantly linked with BTD of the listed firms. These values are shown in Table 5.

Table 5
Fixed Effect Model

BTD	Beta	S.D.	t-value	p-value	Sig
TMTS	1.502	.228	6.60	0	***
TMTA	.627	.176	3.56	0	***
TMTT	.004	.003	1.33	.185	
ACS	-.221	.371	-0.60	.552	
ACE	.059	.027	2.17	.031	**
ROA	-1.016	.206	-4.93	0	***
FS	-.523	.311	-1.68	.095	*
Constant	5.412	1.245	4.35	0	***
R-squared		0.444	Number of obs	180.00	

*** $p < .01$, ** $p < .05$, * $p < .1$

The robust standard error model indicated that TMTS, TMTA, TMTT, and ACE have positive along with significant linked with the BTD of the listed firm in Jordan because the t-values are meet the standard of higher than 1.64 while p-values are also meet the standard of lower than 0.05 and accept H1 and H2 of the study. However, ACS, ROA, and FS have negative along with significantly linked with BTD of the listed firms. These values are shown in Table 6.

Table 6
Driscoll-KraayRobust Standard Error

BTD	Beta	S.D.	t-values	P>t
TMTS	0.826	0.074	11.210	0.000
TMTA	0.200	0.088	2.270	0.036
TMTT	0.014	0.000	27.430	0.000
ACS	-0.362	0.308	-1.180	0.255
ACE	0.020	0.009	2.140	0.048
ROA	-0.398	0.118	-3.370	0.004
FS	-0.354	0.090	-3.930	0.001
cons	2.971	0.893	3.330	0.004

5. Discussions and Implication

The results revealed positive linkage among the top management team heterogeneity, audit committee characteristics, and book-tax difference of the Jordanian listed firms. These findings are the same as the outcomes of Hsu, Moore, and Neubaum

(2018) who also examined the characteristics of the audit committee influence the book-tax difference of the firm. A study by Oh, Park, and Hong (2016) investigated that book-tax difference has been positively influenced by the characteristics of the audit committee and these outcomes are the same as the findings of the current study. In addition, a study by Wahab, Ntim, Adnan, and Tye (2018) analyzed that the heterogeneity among the top management team has positively influenced the book-tax difference and these findings are similar to the findings of the ongoing study. Similarly, a study conducted by Ling and Abdul Wahab (2019) elaborated that the book-tax difference has positively impacted by the heterogeneity of the top management team of the firm and these outcomes are matched with the findings of the current study. These findings are suitable for the regulators who want to develop new policies related to the book-tax difference and top management team heterogeneity along with the new researchers who want to investigate this area in future.

6. Conclusion and Limitations

The present study has concluded that the Jordanian listed firms have heterogeneity in the top management team along with the high and effective audit committee characteristics that are the reason for the low book-tax difference of the firms. This study has suggested to the policymakers that they should enhance the focus on the characteristics of the audit committee that control the book-tax difference of the Jordanian listed firms. This study also recommended to the new researchers that they should expand their scope by adding non-listed firms and the time frame of the data set. In addition, this study also suggested the upcoming studies should use the generalized method of movement (GMM) that is ignored by the current study.

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