

Corporate Governance and Its Role in Achieving the Quality of Accounting Information in Iraq Stock Exchange

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Abstract: Corporate governance has received a great deal of attention from most regional and international institutions and organizations, due to the cases of financial and administrative failure that many developed and emerging economies experienced in the nineties of the twentieth century. This led to many financial crises that caused the collapse of a large number of major institutions in different countries of the world and their shareholders incurred heavy losses, the last of which was the American Silicon Valley Bank; This is due to many factors, the most important of which is a defect in the monitoring and follow-up mechanisms. And financial and administrative corruption, as well as the lack of credibility and transparency of the financial statements and their proper disclosure, whether at the level of companies or capital markets, which led to investors losing confidence in the published financial reports of those companies. In this context, the significance and function of corporate governance surfaced as a means to attain high standards of accounting and financial data, as well as to enhance the effectiveness of capital markets. Iraq is not isolated from what is happening in the world, in addition to the obstacles and constraints that it suffers from in particular and for various reasons that we will explain during the study. This means that traditional governance is no longer sufficient for Iraq market for securities, and it needs to apply governance with its modern concepts and new dimensions as an urgent necessity in order to build a regulatory framework that makes managing and monitoring companies at a level that protects the rights of all interested parties, in particular shareholders and enacts financial and accounting performance and practices, It enhances

the credibility of financial and accounting information in the era of modern digital transformation, cloud computing, and permanent crises, by providing transparency in financial and accounting reports in accordance with modern accounting systems, risk management, and compliance.

Keywords: modern accounting systems, risk management, compliance.

Introduction:

The issue of corporate governance has become one of the most important topics in the economies of the countries of the world, as it constitutes the most important element for promoting economic reform in light of the era of globalization, openness, and intense competition, cases of uncertainty, climate change phenomena, and recurring crises of all kinds that have acquired the character of permanence. Among the most serious of them was the financial crises that afflicted major global companies and institutions. Specialists reached this conclusion after conducting in-depth studies and research in order to determine the main reasons behind the occurrence of these financial crises, collapses, losses in the financial markets, and the loss of stakeholder rights. As these studies and examinations revealed that the majority of these reasons are due to accounting and auditing reasons, which called on the concerned authorities to pay more attention to finding solutions to face the reality and the state of uncertainty and to propose ways to protect the rights of shareholders and all stakeholders and interested parties. This is done by applying good governance systems, which in turn push companies and institutions to adhere to transparency and disclosure of financial and non-financial information, In addition to examining the progress of both internal and external auditing practices, this involves implementing top-tier accounting standards that align with the interests of all stakeholders. By establishing a framework of corporate governance based on a specific set of principles, it enhances decision-making abilities of companies with regard to their continued operations. This approach ensures high standards of financial and accounting information, contributes to the advancement of financial markets and the performance of listed joint-stock companies, and strengthens their capacity to respond to changing environmental conditions and uncertainty while safeguarding the interests of shareholders and other stakeholders.

1. Study Objectives:

The study seeks to shed light on the influence of corporate governance on the quality of accounting information within the Iraq Stock Exchange. To accomplish this goal, the study has the following objectives:

To provide a clear definition of corporate governance, including its significance, features, principles, and objectives.

To assess the impact of accounting information quality on governance regulations, with a specific focus on the Iraq Stock Exchange.

To clarify the role of corporate governance in improving the quality of accounting information both generally and within the Iraq Stock Exchange.

To formulate recommendations based on the study's findings.

2. Study methodology:

The study's objectives were achieved by employing a descriptive analytical and inductive approach, which aligns with the study's nature and objectives. The study is purely theoretical and

focuses on assessing the extent to which economic companies listed on the Iraq Stock Exchange adhere to governance principles.

3. Reviewing previous studies:

Previous studies have established a strong connection between the implementation of corporate governance and the attainment of high-quality accounting information. This is because the application of governance principles and procedures is essential in the development of the accounting profession, through mechanisms such as internal and external auditing, the board of directors, and disclosure and transparency. These mechanisms form the basic foundation for detecting fraudulent and illegal behavior. This, in turn, is reflected in the level of quality of accounting information and achieving transparency in the preparation of financial statements, thus providing reliability and credibility in the accounting and financial information produced and distributed. This requires competition and a decrease in the level of state intervention in order to increase the ability of institutions to apply appropriate governance systems. (Hasbia Younesi, Mamas Marzouk, 2018).

Theoretical framework:

1. 1. The concept of corporate governance issued principles of corporate governance in 1999 in order to enhance confidence and credibility in accounting and financial information, in a manner that guarantees the rights and achievement of stakeholders' objectives. Today, governance has become one of the most prominent topics that impose itself on the institution as a new concept in business management and crisis management, stemming from the fact that governance takes the steps of diagnosis, study, good establishment, execution with transparency, and then follow-up.

1.1 The nature of corporate governance, its characteristics, principles, advantages, obstacles and risks

Corporate governance is a state, a process, a direction and a current, and at the same time it is a mixture of this and that, and it is a factor of health and vitality, as it is a system of immunity, protection and activation, and a system of quantum motion, It sets the direction, protects and secures the safety of all actions, and the integrity of behaviors within companies, and builds a safety fence for them, and an effective protective barrier (Al-Khudairi, 2005-54, 53).

1.2. Characteristics of Corporate Governance: Corporate Governance has characteristics which are (Corporate Governance, Damascus Stock Exchange.):

Discipline: Refers to adhering to appropriate ethical behavior practices.

Transparency: Refers to presenting an accurate and truthful representation of all events.

Independence: Refers to working without unnecessary influences or pressures.

Accountability: Refers to the ability to evaluate and assess the performance of the Board of Directors and Executive Management.

Responsibility: Refers to the obligation to all stakeholders in the company.

Fairness: Refers to respecting the rights of all stakeholder groups in the company.

Social Responsibility: Refers to treating the company as a responsible citizen.

1.3. Principles of Governance:

Since the study discusses the issue of governance for stock markets, we will devote the principles related to governance systems in this type of markets and regulations (Jabr Shatha, and Obaid Fidaa, 2019):

An effective corporate governance framework ensures transparency, efficiency, and compliance with legal requirements. It also clearly defines the responsibilities of different bodies within an organization.

Shareholders have the right to vote and this right should be protected. Management should not take any action that hinders the exercise of this right.

All shareholders should be treated equally, including granting voting rights and protecting minority rights from exploitative practices. Trading in shares in favor of insiders should also be prohibited.

Stakeholders, such as shareholders, employees, creditors, customers, and suppliers, should have a role in corporate governance practices. Providing periodic and timely information is also essential.

Disclosure and transparency are crucial for providing shareholders and prospective investors with credible and comparable information to make informed decisions about evaluating the company.

The responsibilities of the Board of Directors include providing strategic guidelines for the company and ensuring accountability to both the company and its shareholders through effective corporate governance practice

1.4. Advantages of governance:

The application of governance systems in companies and organizations achieves a large number of advantages that can solve many problems facing institutions and companies in general and financial and accounting problems in particular. The most important of these problems is the loss of confidence and credibility in accounting information. Also, through the good application of good governance systems, a large number of advantages will be obtained, including (Orouba Moein Ayesh):

1. For the organizing company:

- Protecting the company's assets and protecting the rights of shareholders and stakeholders
- Achieving justice, integrity and transparency in all the company's dealings;
- Reduce the problem of conflict of interest
- Improve reputation and strategy
- Improving the company's management, share value and economic value;

2. For financial markets

- Maintain corporate efficiency and market efficiency
- Facilitate shareholders' exercise of their rights and obtain the necessary information.
- Preserving the stability of financial markets, developing financial markets, and encouraging transparent relations between business owners and the state.

Attracting local and international financing sources for expansion and growth.

3. For society and the state

- Encouraging investment and sustainable development, fighting corruption, encouraging competition, and encouraging increased productivity, innovation, and efficient work.

Achieving financial and administrative reform

1.5. Governance obstacles:

There are several obstacles that limit the effective application of the principles of good governance, and these obstacles may arise from within the organization or from the surrounding environment, and the most important of these obstacles (Ismail, 2010, pp. 20,21):

a) Obstacles of internal source:

The lack of articles of association in the organization and its failure to adopt the necessary regulations, procedures and precautions.

No separation between ownership and management

The head of the administration does not have high ability and competence in managing the institution, and he is not evaluated on multiple levels, such as the level of educational attainment or the level of scientific experience,

The absence of a clear demarcation between the roles of the board of directors and executive management, and the lack of separation between their respective missions and responsibilities, can lead to governance issues. This highlights the importance of establishing a distinct line between the duties and responsibilities of the board of directors and executive management in an organization.

The absence of independent, non-executive members in the Board of Directors.

Failure to use effective methods of communication with shareholders and interested parties.

b) Obstacles from an external source:

The general investment climate in the country and the extent of the availability of laws and instructions regulating economic activity, which enables the application of corporate governance and gives it the status of obligation and does not conflict with these laws.

The lack of legislation related to organizing competition, preventing monopoly, and dealing with bankruptcy and acquisition cases.

1.6. Governance risks:

The application of governance is like any other activity in life. It requires vigilance, caution, accuracy, and attention. Among the risks associated with governance are:

Internet connection and electronic risks resulting from it may jeopardize the security of data storage

Companies need to maintain and protect data privacy

Companies face more uncertainties in the modern business landscape

Increased risk due to complex business relationships with third parties

Therefore, it is necessary to implement the GRC (governance, risk management, and compliance) model as a comprehensive approach that assists stakeholders in making informed decisions. The GRC model enables companies to make better decisions in a risk-conscious environment. A well-executed GRC program enables key stakeholders to develop policies from a shared perspective, comply with regulatory requirements, and make data-driven decisions. (aws.amazon.com)

2. The concept of quality of accounting information

For modern business organizations, information represents the basic basis on which they rely to conduct their business in order to achieve success and continuity by helping them in making appropriate decisions in light of the changing and complex business environment. This surrounds us now and, in the future, hence the importance and role of accounting information as one of the most important information resources in organizations; As is known to all, accounting information

represents a set of data that is collected and prepared in a way that makes it usable. In other words, it represents the outputs of the accounting information system, which have been summarized and classified within the financial statements and used as a basic and effective tool in the hands of management to conduct assessments and make decisions.

2.1. Sources of accounting information

The main sources of accounting information are (Mashkour Saud, and others, 2021, pg. 15):

Financial statements: budget, income statement, changes in equity, cash flows statement.

significant accounting policies and other explanatory notes

Auditor's reports

Board of Directors reports

2.2. Accounting information quality standards and factors affecting them

It cannot be said that there is a specific definition of information quality; Because it will differ according to the different viewpoints and objectives of the producers and users of this information, however, general criteria have been set to measure the quality of accounting information (Hasbia Younesi, Mamas Marzouk, 2018):

Accuracy: Refers to the extent to which information represents the past, present, and future. The accuracy of information is directly proportional to its value in conveying historical facts or future expectations.

Utility: Refers to the usefulness of information and is determined by two factors: the validity of the information and its ease of use. Benefits can take the form of formal, temporal, evaluative, or corrective benefits.

Effectiveness: Refers to the degree to which an organization achieves its objectives using specific resources.

Forecasting: Involves using past and present information to predict future events and outcomes.

Efficiency: Refers to achieving an organization's objectives using the least number of resources possible.

3. Corporate Governance

Accounting information quality is critical as financial data serves as the primary communication channel between data compilers and users. As each party seeks to achieve its own interests, which may not align with those of others, the governance system plays a crucial role in ensuring that information users make sound decisions. The most important governance principle is the rapid and accurate disclosure of all data related to the material matters of the company, including material information and periodic reports. This disclosure information must be provided to shareholders and investors accurately, clearly, and non-misleadingly, at specified times, and in compliance with international accounting and auditing standards, regulatory requirements, and legislation. The absence of sufficient or unclear information impedes the ability of organizations and capital markets to function optimally, resulting in resource misallocation (Corporate Governance, Damascus Stock Exchange).

3.1. Corporate governance and quality of accounting information

To achieve the objective of corporate governance as a means of ensuring high-quality accounting information, it is essential to provide all elements of accounting disclosure. Accounting information is provided to various stakeholders with differing interests, which influences how each

party perceives and approaches the problem to be addressed. (Hasbia Younesi, Mamas Marzouk, 2018):

Determining the target user of accounting information: This makes the compilers of these reports have two options: either to prepare a single financial report according to multiple forms according to the multiplicity of needs of the groups that will use this report, or to issue a single financial report, but it is multi-purpose and meets all the needs of potential users.

To effectively utilize accounting information, it is essential to establish its purpose.

it is crucial to determine the type and nature of accounting information to be disclosed.

determining the appropriate methods and means for disclosing accounting information is critical. Information should be presented in financial statements in an easily understandable format to ensure proper disclosure.

3.2 Corporate governance plays a crucial role in enhancing the quality of accounting information, owing to the close relationship between governance and accounting. The principles and procedures of governance significantly contribute to the growth and development of the auditing and accounting profession, so the researchers sought to apply the rules of governance by employing several mechanisms that contribute to enhancing confidence in accounting information and achieving its quality. (Hasbia Younesi, Mamas Marzouk, 2018)

And because the financial statements are the final results of the company's operations, however, fraud may sometimes occur during the preparation of the financial statements due to various motives and the users of the financial statements are the victims of these misleading financial reports (Sinaga Judith, 2018), Therefore, the best way to improve the quality of accounting information is to apply appropriate governance mechanisms, which can be summarized as follows:

1) Internal mechanisms: These mechanisms can be classified into:

1.1. Internal audit: It is a type of control aimed at examining and evaluating the effectiveness and other means of control. This type of audit mainly deals with accounting and financial matters, and it includes several functions:

A) Internal Control Systems Activation: The activation of internal control systems involves ensuring compliance with policies, procedures, laws, and instructions, as well as reviewing financial controls.

1)Risk Management: Internal audit aids organizations in identifying and evaluating risks, as well as improving risk management and control systems. Risk management activities play a crucial role in strengthening how organizations manage their risks.

1.2 .The Board of Directors' efficiency is gauged by its capacity to lower the costs that shareholders bear. This is done with the objective of safeguarding shareholders' interests, which is the primary goal of the governance system.

1.3. The Audit Committee is responsible for overseeing financial reporting and disclosure operations to shareholders and ensuring their credibility. Additionally, it plays a vital role in reinforcing the independence of the audit process. Through: examining the internal control system, strengthening the independence of the external auditors, and examining the financial reports.

2) External mechanisms: represented by the practices of external stakeholders who are completely independent of the organization, and the pressures exerted by international organizations interested in this subject in order to examine data and accounting records.

3.3 The Role of Listed Companies in Improving the Price Index of the Stock Market The essence of the companies' role is that governance is not a goal in and of itself, and it is not just procedural or formal control operations, and it is not a strict adherence to limited guidelines. Or with observations or taking into account certain administrative behaviors, but in fact, it is a process aimed at improving the financial and administrative performance of companies by applying a number of mechanisms, This was confirmed by previous studies, despite the existence of some differences in the level of influence and its percentage according to the time period, place, or sector to which the company belongs (Khalaf Rabie, 2016).

4. Corporate governance and the quality of accounting information in the era of digital transformation

Due to the swift and unforeseen progress in utilizing information technology and quantitative analysis techniques to resolve administrative and other issues faced by companies today, alongside the technological advancements in information production, companies are compelled to comprehend the data quality used as input in machine learning, artificial intelligence, and other technologies. This need arises from the increasing size of companies and the intricacy of the economic and competitive environment in which they operate. (Fahd Ayser, Radi Ali, 2016).

4.1. Requirements of the modern technological age and trends in the development of governance

Embarking on a digital transformation journey is a challenging task for organizations, particularly when boards of directors are unprepared for the process. In such cases, measures can be taken to enhance the board's digital proficiency.

The first step in this regard is to acknowledge that digital transformation must begin with a comprehensive evaluation of the organization's and employees' readiness for such a transformation. Addressing identified gaps should be prioritized before embarking on a strategic initiative such as digital transformation.

The next step is to recognize that the technology component of digital transformation comprises three crucial areas: information technology, data, and innovation, each requiring appropriate oversight to ensure alignment with the organization's strategy. The emergence of privacy and security concerns must also be adequately addressed.

Finally, it is essential to understand that the information technology component is an integral part of the overall digital transformation scope. As such, proper supervision of this component must ensure that the technology is suitable for the organization's operating model and that it aligns with the organization's strategic objectives. (Fahd Ayser, Radi Ali, 2016).

4.2. The impact of digitization on corporate governance

To learn about the impact of digitization and digital transformation on corporate governance, we must emphasize Grove (2018, Schaffner Laura, Clouse Mac Hugh).

- The concept of digital transformation is linked to the intensive use of information and communication technology on the one hand, and on the other hand it is linked to increasing productivity and competitiveness, in order to respond to the changes of the environment and the global market.

The concept of digital transformation is more than just a technology model, and some call its business transformation, as it includes an understanding of how digital technology in an organization

or company facilitates its business model so that It offers an enhanced customer experience that, in turn, has a positive impact on the organization's success and long-term viability.

Through the above, we find the integration between governance systems and digital transformation, and that it is difficult for one to succeed without the other, meaning that digital transformation will facilitate the work of governance systems in the organization and the mechanisms through which they are controlled and accountable, Effective governance for digital transformation encompasses not only standard business governance but also extends to the entire organization, encompassing IT governance requirements, innovation governance, and data governance. Also, the data governance framework that will enhance business transformation towards working on a digital platform at many levels within the organization (Rashwan Abd Al Rahman, Abu Rahma Muhammad, 2020).

4.3. Digital transformation and its implications for the practice of the accounting and auditing profession

Technological advancements have transformed the accounting field, both in terms of demand for accounting information (internal and external) and the supply of accounting information. Consequently, financial information systems can no longer solely provide consumers with the necessary data to make objective decisions at specific times or upon request. Instead, financial information systems must consistently and automatically provide relevant information to consumers, ensuring its availability at all times, even without explicit requests. (Rashwan Abd Al Rahman, Abu Rahma Muhammad, 2020).

This transformation provides the necessary technological skills for the success of practicing the accounting and auditing profession in a realistic manner and makes it more effective and accurate, which leads to an increase in the satisfaction of the beneficiaries of the services of the accounting profession. The advent of digitization has brought an end to traditional financial accounting, and a new approach involves the implementation of digital dashboards for company executives and boards of directors. In this era of digitization, it is crucial to adopt new methods to keep up with the changing landscape, as Albert Einstein once cautioned “Not everything that counts is important, and not everything that counts.” Digital dashboards will help address disclosure issues Digital dashboard includes Digital dashboard (Financial, Customer, Internal Business processes, Innovation / Learning, RM)

Schaffner Lara, Clouse Mac, Grove Hugh, RM, 2018

4.4. The impact of cloud computing on the quality of accounting information

Cloud computing is a system that enables multiple users to access applications, servers, and digital storage devices through the Internet. The system only requires the user to have an operating system and web browser to access their files and data stored on cloud computing servers from any location and at any time. Utilizing cloud computing empowers companies to efficiently search and analyze vital information in databases, as well as anticipate future trends and behaviors that facilitate timely decision-making. Additionally, cloud computing enhances company operations by improving performance, reducing costs, and increasing the storage capacity of information while providing easy access from any location, provided that it is connected to the Internet, Companies are finding themselves facing a major challenge in dealing with modern and available information technology,

including cloud computing, and benefiting from and investing in the accounting field and supporting decision-makers by providing high-quality information.

4.5. Investing in environmental, social and corporate governance

Companies in the current era need to accurately identify their environmental and social governance factors to generate sustainable performance in the long term. Since most countries around the world do not have legislation requiring companies to disclose their private information in relation to environmental, social and corporate governance, investors and issuers are increasingly aware of the importance of environmental and social governance factors, Since the stock exchanges act as a link between investors and issuers to enhance efficiency and transparency in the capital markets and generate sustainable value for its participants, the regulatory authorities and stock exchanges for each market separately have adopted a set of disclosure guidelines and global frameworks. The level of commitment required in relation to the preparation of environmental and social governance reports varies, starting from voluntary bases, passing through compliance or interpretation,

And ending with the mandatory foundations and the main challenge on environmental and social governance is the same as the challenge for corporate governance represented by the quality of data reported by companies about their environmental, social, governance and other practices (Zogheib Nicolas, et al., 2021).

In an assessment conducted by the Federation of Arab Exchanges regarding the classification of environmental, social and corporate governance for a sample of Arab companies, it showed that Arab companies lag behind their counterparts in the world with regard to the performance of environmental, social and corporate governance and that their ratings are weak in the field of environmental, social and corporate governance. Among the 17 members of the Arab Federation of Exchanges, 10 stock exchanges are partners in the Sustainable Securities Markets Initiative, and 12 stock exchanges are members of the International Federation of Exchanges, Only 8 stock exchanges issue written guidance on ESG reporting, 2 stock exchanges have mandatory reporting laws, while only 4 stock exchanges issue an annual sustainability report. While 6 stock exchanges offer training programs related to environmental, social and institutional governance.

Of course, Iraq market for securities is not one of these markets.

The methodological procedures of the study

Initially, an empirical investigation was conducted to examine the impact of corporate governance on the quality of accounting information. The study commenced by conducting a comparative analysis of the Iraq Stock Exchange with selected Arab markets. Subsequently, five companies from diverse sectors listed in the Iraq market were chosen, and their accounting information quality was assessed over two consecutive years using the appropriateness criterion based on the available data. In order to be able to calculate the criterion of honest representation because there is no item under the name of accruals in most of the announced financial statements of the companies selected in this study, and therefore we cannot ascertain the extent to which they apply the principles of governance accurately, in addition to the index (Market / Book))

The companies selected as a sample for the study						
	Company Name	Company code	establishment	sector type	Website	
	Asia Cell Communications	TASC	2007	Telecommunications	✓	

	Bank of Babylon	BBAY	1999	banks	✓	
	Harmony for financial investment	VWIF	2000	financial investment	✓	
	Ishtar hotels	HISH	1989	Hotels and tourism	×	
	Iraqi carpets and furnishings	IITC	1989	Industry	×	

Prepared by the researcher

1- Corporate governance and the quality of accounting information, a comparison between capital markets

1.1. Governance system in UAE stock market

The governance system in force in the country adopts the best international practices. The system was issued in accordance with the standards of "IOSCO" and the Organization for Economic Cooperation and Development, and the "Ease of Doing Business" and "Competitiveness" reports issued by the World Bank and the Economic Forum.

The development of the governance system in UAE; Since 2007, the results of applying governance controls were:

Achieving an unprecedented development in the disclosure rates of public shareholding companies, reaching 98% in 2015.

The Authority achieved a distinguished success for the state that contributed to strengthening its position at the level of global competitiveness, and enhancing its ability and position in the field of investor protection.

Achieving the first place in the world in the index of the effectiveness of corporate boards in 2014.

Achieving the first place in the Arab world and at the level of the Middle East and North Africa region in protecting investors.

In 2015, the country's ranking on the minority investor protection index was upgraded, up 15 degrees.

Upon viewing Dubai Financial Market (DFM) website, you will notice the advanced stage of governance and digital transformation that UAE as a whole has reached with all its institutions, and not only in Dubai Stock Exchange. This can be seen through their announcement of the digital participation policy, their adoption of the open data system, the existence of legislation regulating all matters related to virtual assets and financial technology, and their commitment to environmental, social, governance and sustainability reports.

Also, the number of companies whose securities are traded is very large compared to Qatar Financial Market or Iraq Stock Exchange. The official websites of UAE Securities Exchange and official Dubai Financial website, 2023

1.2. Governance system in Qatari stock market

Qatar Stock Exchange was established in 1995, and officially began its operations in 1997 under the name of Doha Securities Market, with 17 listed companies. And in 2020, Qatar Stock Exchange won the award for the best local financial institution in achieving social responsibility.

The Stock Exchange successfully launched its new website, which provides innovative services and modern analytical tools. The website also obtained a certificate from the Mada Center for Digital Access. The site also includes data providers and summary data service, and the data is not displayable. The stock exchange system for unified electronic disclosure (Disclosure Platform) was successfully launched, which uses the language XBRL (Electronic Financial Reporting Language), which entails the use of unified global electronic standards and forms for financial disclosures in order to achieve the highest rates of transparency and disclosure in the market.

A distance learning program was also successfully launched, which included online financial and investment education courses for the public, as part of the business continuity plan during the general closure due to the Covid-19 pandemic. The market's governance system focuses on disclosure, environmental and social reports, governance and sustainability. When looking at the website of the market, specifically the trading screen, we found a special item for insider trading and that there is a regular market and a special market for trading. However, upon reviewing the authority's website (Qatar Capital Markets Authority), we did not find the annual report in 2021, and it is assumed that the report in 2022 has been disclosed. (The official website of the Qatari Stock Exchange, 2023).

1.3. Governance system in Iraq Stock Exchange

Iraq Stock Exchange was established under Law No. 74 of 2004. The market is financially and administratively independent, non-profit, and is subject to the supervision of Iraq i Securities Commission.

As for the Securities Commission, it is an independent supervisory authority regulating the capital market established under the same law, and it enjoys financial and administrative independence and a legal personality, linked to the Prime Minister, to regulate and monitor the capital markets in Iraq.

The economic transformations that took place in Iraq i economy in general and the change in work mechanisms in Iraq Stock Exchange in particular aimed at providing a valid investment environment that allows investors to achieve profits under a new system (the capitalist system). Which seeks to expand the movement of financial liberalization and increase the development of the activity of financial markets and work to achieve the efficiency of these markets, but there are factors that hinder these mechanisms must be studied and radical solutions to be found (Fahd Ayser, Radi Ali, 2016).

Iraq Stock Exchange worked to increase the efficiency of the market by working on the issue of availability of information, which was considered that the economic measures taken by the market had a very positive impact on the efficiency of the market, especially the application of the principles of disclosure and transparency and the work of electronic trading, especially after enacting the disclosure instructions for companies listed in the stock market in 2010.

By looking at the website of Iraq Stock Exchange and the Securities Commission, we find that the sites are characterized by lack of information and inconsistency, which is one of the main determinants in achieving the efficiency of the financial market. Not following the steps of good governance or environmental and social governance supported by digital transformation compared to the websites of Qatar market, UAE market, and Dubai Financial Market. Noting that the word

“Securities Commission” is written on an accent and not on (a) and that there are some data that have not been updated since 2018, such as (company directory).

2) Trying to apply the principles of governance for companies listed in Iraq Stock Exchange

This research title is comprehensive and requires thorough studies and collection of data to produce concrete results that can aid in market development, successful implementation of governance, and attainment of high-quality accounting information in conjunction with sustainable governance processes and digital transformation.. However, in this study, we will suffice with referring to the most important indicators that must be studied and taken into account in order to assess the extent to which governance principles are applied in Iraq Stock Exchange (Fahd Ayser, Radi Ali, 2016):

Studying the external determinants related to legislation and laws: Iraq has previously followed firm and integrated steps in enacting many laws that would regulate the relations between all parties in economic and financial activities and according to the requirements of modern conditions to keep pace with the work of advanced technology (Mashkour Saud, et al., 2021), After 2004, the Iraq Stock Exchange aimed to implement corporate governance practices as it had done before 2003. This effort was made to advance the principles of international governance by focusing on internal and external requirements.

. However, according to the results of studies specialized in studying the extent of application of governance in the market, there are shortcomings in deterrent laws and legislations in the event of companies violating the terms and conditions of governance.

As for ascertaining the extent to which good corporate governance and management is achieved through other external determinants, the test of the efficiency of the financial sector "banks and the money market", Or the efficiency of oversight agencies and bodies, or the efficiency of organizations and professional bodies is a big topic and needs specialized studies and research that give real and honest results, and we were unable to obtain real studies and data on this subject.

There are other basic determinants that must be verified to ensure that the application of corporate governance principles is successful in companies listed and registered in Iraq Stock Exchange, and they are: - The extent of commitment to behavior and moral values (credibility, integrity, honesty, justice and transparency, disclosure). - The extent to which control and accountability are activated on the parties accountable to shareholders and stakeholders (senior management, the board of directors and affiliated committees, the internal and external audit department). Risk management, to protect the company and its various stakeholders, and to raise its financial performance.

To ensure that governance objectives are attained at the national economy level, it is imperative to confirm the rise in confidence in the economy, the strengthening of the money market's role, and its ability to mobilize savings and increase investment rates. This evaluation should also consider the preservation of minority "small shareholders" rights, the growth of the private sector and its competitiveness, the creation of new job opportunities, and the achievement of necessary growth rates.

The quality of accounting information can be assessed by measuring its appropriateness and adherence to honest representation.

the principles and regulations of corporate governance and their impact on stock prices should be studied, and appropriate mechanisms must be established to achieve a fair share price. (Abd Al Hakim Hisham, Abd Al Emad, Daloul Al Hussein, 2009).

Digital government (digital government) of Iraq Stock Exchange through the study of open government data, digital government toolkit, open data and anti-corruption (oecd.org)

In order to test the extent of these companies' commitment and application of governance to obtain the quality of accounting information, we tried to collect information from the Authority's website, the market, and partnership websites, noting that there is some difference in the accounting terms used and the way the financial statements are presented: see the tables below:

Standards								
Company code	The declared organizational structure	Efficiency of the declared members of the Board of Directors	RELEVANCE2016	RELEVANCE2017	Market/book 2016	The first three quarterly financial reports	Fourth Quarterly Financial Report 2022	Annual financial report 2023
TASC	We were unable to open the tab	We were unable to open the tab	48.06	38.74	1.00	✓	×	×
BBAY	✓	×	4.70	2.29	0.31	✓	✓	×
VWIF	×	declared the efficiency of executives	DIV/0#	4.96	VALUE	✓	✓	×
HISH	We were unable to open the tab	×	2.82	1.63	3.98	✓	×	×
IITC	We were unable to open the tab	×	0.32	2.36	1.28	✓	×	×

Relevance (RELEVANCE): Through the ability of information to predict, predictive value relates to the usefulness of the information to the investor who wants to evaluate (expect) the future prospects

of the organization; The predictive value is calculated as follows: $\text{Forecast value} = \text{net operating income} / \text{net income}$

MARKET / BOOK, the market value of shares / book value of shares: one of the most common valuation metrics for companies, and it helps investors determine whether the share price is overvalued or undervalued

Prepared by the researcher, and the fit and MARKET / BOOK were calculated, 2016 and 2017 because they are the years in which clear data and easy-to-use numbers are announced.

Presenting and analyzing the data of the study and discussing its results through what we have learned from the research, comparison and extrapolation of the data, numbers and information available in the internet space and the disclosed financial statements of the 5 companies. The results of the study can be presented as follows:

- Conventional financial accounting presents an alternative reality that overlooks fundamental factors that contribute to an organization's success or failure. The resulting retrospective accounting statements provide limited insight into the organization's future growth prospects and its capacity to compete.

- The influence of accounting information on the stock market is evident, and the existence of high-quality accounting information helps to counteract any negative impact that it may have on the stock market movement. It has also become apparent that in the absence of governance, the quality of accounting information is limited to providing basic accounting information characteristics. However, when governance is instituted, the concept of information quality is incorporated, which includes a range of criteria that governance aims to enhance in this information.

- Corporate governance and accounting information are closely intertwined, as governance principles and procedures impact the evolution of the accounting profession. This, in turn, affects the quality of financial and accounting information. In today's world, where governance in all its forms and dimensions is integrated with the advancements of digital transformation and accelerated cloud computing, the relationship between corporate governance and accounting information quality becomes even more significant, and that Iraq Stock Exchange is working hard to move forward in this race that does not end with the accelerating events and permanent crises despite all the different circumstances and obstacles, whether in the internal environments of the companies or the external environments, Bearing in mind that these efforts need to be accompanied by developing the skills of all individuals and interested parties in order to ensure steady and successful steps to reach the required quality of accounting information by applying the principles of good governance commensurate with the capabilities and elements of digital transformation available in Iraq, taking into account all the risks associated with these mechanisms and their application.

Recommendations

Merely relying on the traditional concept of corporate governance is no longer enough to ensure the quality of accounting information, both in general and specifically within stock markets. While corporate governance has a significant impact on the quality of accounting and financial information, it is also crucial to consider the role of sustainable environmental and social governance. Furthermore, the impact of governance and financial and accounting information quality on digitization and digital transformation must be taken into account. Companies listed on the stock

exchange must not only adhere to the requirements outlined in the Corporate Governance Guide and prioritize disclosure, transparency, and auditing, but also undertake additional measures to achieve the desired level of accounting information quality within the Iraq Stock Exchange.

Based on the foregoing, we extract some necessary recommendations in order to achieve the accounting information quality in Iraq Stock Exchange in accordance with the requirements of governance in the modern digital age:

Understanding corporate governance, its principles, importance, objectives, characteristics and dimensions is extremely important and accurate, in order to apply it in a manner that enhances the efficiency of corporate performance and supports its ability to face any crisis that may encounter it; Even financial crises because bad governance is herd.

It should not be enough to have a high understanding, awareness and culture about governance and its dimensions and mechanisms for applying it well, but an appropriate and proportional internal and external environment must be available in order to obtain good and rational management and systems capable of achieving the desired goals, especially the quality of accounting information according to our current study.

Spreading the culture of good and sustainable governance in societies through the media and civil society organizations.

Adopting a GRC model that simplifies operations and makes them center around a common culture that promotes ethical values and creates a healthy environment that stimulates growth, and enables the company to improve cybersecurity through the use of data security measures to protect customer data and private information.

Disclosure processes in companies should be developed to match the environmental and social governance ESG, and for disclosure processes related to environmental and social practices to become more understanding of the benefits of such reporting, and to take advantage of the advantage of Iraq Stock Exchange being one of the emerging markets.

Increasing the number of board members in non-executive and independent companies with the aim of tightening control over the company's performance and developing its performance and the independence of the oversight bodies.

Facilitating access to electronic disclosure data for companies, for its active role in providing financial and non-financial information to investors in Iraq Stock Exchange and sparing traders additional costs that could limit market activity.

The need to develop accounting skills and auditors, and this needs to prepare training courses on digital and technological transformation and its relationship to the practice of the accounting and auditing profession, in addition to creating the legislative environment and supporting the infrastructure to provide the appropriate climate for digital transformation and its application in all areas of financial transactions to attract a lot of investments and promote the growth of economies of countries (Rashwan Abd Al Rahman, Abu Rahma Muhammad, 2020).

It is necessary to utilize the all-encompassing notion of accounting information quality as a means of connecting corporate governance with information technology governance.

Communicating more with the rest of the Arab financial markets' bodies and departments, exchanging experiences and knowledge, and benefiting from the lessons learned in order to dry up

the interest for all in the field of governance, digital transformation, and access to the quality of comprehensive accounting information.

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