

## Effect of integrated financial reporting on firm value with the role of adjusting corporate governance in companies listed on the Iraqi stock exchange

Thaeer Abdulsahib Oglah Atatfee<sup>1\*</sup>, Esfandiar Malekian<sup>2</sup>, Bahram Mohseni Maleki<sup>3</sup>

<sup>1,2,3</sup>Department of Accounting, Faculty of Economics and Administrative Sciences, University of Mazandaran, Babolsar, Iran; thraltafy@gmail.com (T.A.O.A.) e.malekian@umz.ac.ir (E.M.) b.mohsenim@umz.ac.ir (B.M.M.)

**Abstract:** The issue of conflict of interests between shareholders and managers and the mechanism of corporate governance as a solution to reduce agency costs associated with it is one of the important issues that has attracted the attention of many researchers and experts due to its effect on the performance of companies. The purpose of this research is the effect of integrated financial reporting on company value with the role of adjusting corporate governance in companies listed on the Iraqi Stock Exchange. The current research is applied in terms of purpose and descriptive and correlational in nature. The time domain of the research covers a period of years, from the beginning of 2016 to the end of 2022. The studied sample included 10 companies that were selected by systematic elimination method. The results of the test of research hypotheses indicated that corporate governance does not have a modifying role in the effect of integrated financial reporting on the value of the company. It seems that in the Iraqi capital market, integrated financial reporting tools cannot help the shareholders in evaluating the company's value, and other factors affecting the stock price (company's value) are considered by the shareholders.

**Keywords:** *Corporate governance, Firm value, Integrated financial reporting.*

### 1. Introduction

The present study seeks to examine the effect of integrated financial reporting on company value with the role of adjusting corporate governance in companies listed on the Iraqi Stock Exchange. Using global accounting standards for financial reporting in Iraqi companies that need clear and comparable information in financial statements helps to reduce problems and determine more transparent accounting policies. In Iraq, with the development of companies in the country's stock market, attention to the corporate governance system and the presentation of integrated reports according to international standards have increased significantly, and the Iraqi government is facing the challenge of how the organizational structure of a company design to ensure the achievement of profitability goals and the responsibility of the entire company to the shareholders. Since the corporate governance system considers restructuring and reforming the internal structure of the company and seeks to change and transform the management of joint stock companies from traditional management to dynamic and independent management, with its mechanisms, it can serve the interests of shareholders and the company. to guarantee In other words, corporate governance acts as a mechanism to reduce the opportunism of Iraqi managers. Therefore, companies with weak corporate governance are more vulnerable to managerial opportunism, which will have a detrimental effect on the value of the company. Integrated reporting is a relatively new category that has been raised more and more after the financial crises and after the approval of the Sarbanes-Oxley Act in the United States and similar laws in Canada, Japan, and England (Hashminejad and Foroughnejad, 2012). It is to provide investors and other stakeholders with information about how the organization is managed, as well as provide a more

complete description of the value creation process than traditional financial statements and independent environmental or social reports (Maroon, 2016).

The concept of integrated reporting is used with the aim of combining financial and non-financial information in an accurate and coherent approach to communicate business activities (International Integrated Reporting Committee, 2011). Integrated financial reports can link financial and non-financial information together (Wang, 2020). In other words, integrated financial reports can link information related to social and environmental responsibility, corporate governance, and company strategy with financial information and significantly increase the comparability and predictive power of accounting information. historical (on the basis of the past) and whether on the basis of the future, they should have a clear, accurate and coordinated formulation and have the ability to be implemented to increase the predictive power of accounting information and reach the capability and state of comparability (Rinaldi et al. 2018). The benefits of integrated reporting are mainly aimed at accounting for broad bases of financial, non-financial (such as natural, productive, intellectual, human, social) resources. (Khan Ahmadi et al., 2021)

Scientific evidence shows that the accumulation of knowledge around the problem of integrated reporting and its economic consequences is insignificant and there are many research gaps in this field. In addition, integrated reporting is unlikely to achieve its full potential in providing reliable financial and non-financial information to report users, ensuring integrated reporting requires integration of financial and non-financial information. Previous researches have not been able to clarify the joint effects of integrated reporting and corporate governance characteristics such as the composition of the board of directors and the type of company management on financial outcomes. If the researchers do not examine the economic consequences of using integrated reporting and the influencing factors on this relationship. Their conclusions about the consequences of the implementation of integrated reporting in Iraq will not have much validity. Undoubtedly, providing useful and relevant information that helps users (inside and outside the organization) in making economic decisions leads to a better evaluation of the company's performance in all directions and provides optimal allocation of resources.

Examining this gap and the factors affecting the value in the financial institutions of Iraq is a research topic that we are trying to study, analyze and provide suggestions for, because the financial sector is one of the sectors that interacts more with foreign companies. Therefore, this research aims to assess the extent to which integrated reporting is a factor determining the value of companies and also to evaluate the complementary relationship between integrated financial reporting and corporate governance on the value of companies.

## 2. Theoretical Foundations of Research

The goal of integrated reporting in any business is as a way to clarify business models and tactics, which show a compelling investment value proposition (Ehtsham Mehr, 2021). Based on the published integrated reporting framework, an integrated report states how an organization's strategy, governance, performance and vision lead to value creation in the short, medium and long term (Eccles et al. 2019). Integrated reporting is actually a clear and concise presentation of how the company performs the task of stewardship and creates and stabilizes value.

The high value of a company brings a higher level of prosperity to the company's shareholders. In this way, companies must keep their value attractive to attract investors. If the value of the company decreases, investors' trust in the company also decreases, which may endanger the continuation of the company's activity. (Dharmawan et al. 2019)

Business actors believe that the ultimate goal of corporate governance is to protect the interests of shareholders and ultimately increase the value of the company (Cayenne, 2005), so it can be said that among other things that increase the value of the company is corporate governance (Marangori, 2019). Because corporate governance mechanisms reduce representation problems in companies. Corporate governance, which is a set of organizational guidance and control mechanisms, establishes a proper balance between the rights of the stakeholders and the authority of the board of directors. Although the quality of these mechanisms is different in companies, it exists in all stages of the company's value creation and can lead to strengthening the relationship between integrated reporting disclosure and

company value. Although the quality of these mechanisms is different in companies, it is present in all stages of the company's value creation and can lead to strengthening the relationship between the level of disclosure and the value of the company. (Marangori, 2019).

So far, there have been scattered researches about the effect of corporate characteristics on the quality of integrated reporting. (Akitono et al. 2014) state that from the point of view of agency theory, companies with certain characteristics such as size, composition of the board of directors are likely to have a higher agency problem, and as a result, there is a possibility that they have more information due to the problem of information asymmetry. to disclose Information asymmetry exists when managers have information about investment opportunities that capital providers are unaware of. This lack of sufficient information is likely to cause the problem of market failure or inefficient market. Therefore, providing one-piece reports leads to the reduction of information asymmetry between managers and capital providers (One turn, 2016). Also, to ensure the transparency of information, a suitable financial reporting system is needed, in addition, it is necessary to adapt the corporate governance practices to the characteristics of each reporting unit (Wang, 2020). Currently, although integrated reporting helps to strengthen accountability and improve communication and create value, many business units are facing difficulties in using these basics and explaining them to stakeholders and users, and there may even be a kind of gap between vision and expectations. There should be providers and stakeholders about integrated financial reporting (Nainar, 2016). There are two opposing views when examining the impact of integrated corporate reporting on company value. According to the first point of view, because companies that are more committed to integrated reporting activities, incur additional costs that reduce their profitability. And also the argument that the clear and complete presentation of all the vital information of the company causes the competitors to benefit from the disclosed information about the goals and plans of the companies in a competitive market and causes the reduction of the competitiveness of the companies and consequently the reduction of the value of the company. (Abul-Fathi, 2019). Therefore, it is expected that there is an inverse relationship between corporate integrated reporting disclosure and corporate value (Badawi, 2017; Airedale, 2019; Ferrero, 2016), but according to the second perspective, companies that are more committed to integrated reporting activities can value get more in the market. Based on this, it can be argued that participation in integrated reporting can improve the company's value by improving the flow of information between managers and shareholders (Bart et al. 2017).

In addition, Lee et al (2018) found that the disclosure of integrated business information helps to develop the disclosure and business levels and clarity of information and also causes a better evaluation of the company's performance as well as a better evaluation of the sustainability and development of the company. It can also be said that the value of the company is created when that company creates benefits for its main stakeholders. Second, participation in integrated reporting can lead to coordination between the company's goals and society's norms, leading to the legitimacy of the company's operations and increasing the credibility and image of the company (Latermin, 2009). Third, the commitment to further disclosure of integrated reporting. The company can be a useful method in obtaining the support of the influential stakeholders of the company, such as shareholders, which increases the company's ability to create value and profitability (Chen, 2010). Fourth, more commitment to integrated reporting through more disclosure can access Facilitate necessary disclosures, such as capital and business contracts, by reducing political costs, security through increasing the value of the company (Marangori, 2019).

### 3. An Overview of the Research Background

In a research, Saadi et al. (2024) investigated the impact of the adoption of International Financial Reporting Standards (IFRS) on financial transparency, confirmatory and predictive values. According to the findings of the research and the results of the data extracted from 234 questionnaires, it shows that financial transparency, confirmatory and predictive values with the adoption of IFRS in the adopting business units increase the relevance, transparency and comparability of financial statements. financialized and will generally lead to improving the quality of accounting information and providing better quality figures. Badri Gumchi et al. (2023) presented a study titled the effect of convergence of reporting towards an integrated framework on the quality of financial reporting and agency conflicts.

Feteha showed that increasing the level of convergence in moving towards an integrated reporting framework in Iran has improved the quality of profit and reduced agency costs. In addition, although the agency cost has caused a decrease in the quality of earnings, the disclosure of instances of integrated reporting under the conditions of agency conflicts has weakened the relationship and improved the quality of reported earnings information. Companies that have a higher level of information disclosure in accordance with the integrated reporting framework, use less earnings management tricks and have higher earnings quality. At the same time, the effect of implementation and quality of integrated reporting on profit quality can be affected by agency cost. Integrated reporting, as a mechanism for better and more information disclosure, has a strong relationship with the quality of financial information of companies subject to agency fees. The effectiveness of integrated reporting is more evident in companies with agency problems. Mardanzadeh et al. (2022) also investigated the effect of intellectual capital in integrated reporting on company performance in a study. The results of the research showed that intellectual capital in integrated reporting has an effect on the company's performance. Ghanbari Ghale Rudkhani et al. (2021) in a research based on the theory of sustainable development examined the level of social responsibility performance and disclosure of environmental information. The findings showed that only 23% of the surveyed companies had an above average performance regarding social responsibility and environmental disclosure, and overall the findings indicated a significant impact of information disclosure on the performance of companies. Zia et al. (2019) in a research entitled "The effect of sustainability reporting on the reduction of information asymmetry of companies listed on the Tehran Stock Exchange", showed that sustainability reporting in these companies had an inverse and significant relationship with information asymmetry. This means that increasing the score of sustainability reporting leads to the reduction of information asymmetry, increasing the accuracy of managers' forecasts. Abdi et al. (2019) conducted a research titled "Investigation of the impact of audit committee characteristics on the level of sustainability reporting". Their findings indicate that the characteristics of the audit committee (size, independence, financial expertise and gender diversity of audit committee members) have a positive and significant effect on increasing the level of sustainability reporting of companies. Abdi et al. (2018) in a research entitled "Designing a coherent model of corporate sustainability reporting" have designed a coherent corporate sustainability reporting model using grounded theory. The results of the research showed that the most important causal conditions that lead to the adoption of sustainability reporting are environmental requirements, environmental incentives, environmental pressures, cultural and social characteristics of the country, political characteristics of the country, and characteristics of the international environment. Also, the findings of the research showed that in order to achieve sustainability reporting, there should be strategies such as specifying the institution responsible for sustainability, developing sustainability principles and standards, creating a sustainability and social responsibility committee in companies, familiarizing and training the category of sustainability, establishing an internal control system and effective reporting and using Adopt new technologies. Finally, the consistent pattern of research showed that corporate sustainability reporting can lead to consequences such as increasing social trust, increasing the quality of human life, preserving the environment for future generations, growing the capital market, and increasing the quality of reporting. The findings of this research can help the development of this type of report in Iran.

Asik et al. (2024) conducted a research entitled "Evaluating the quality of financial reporting: Is this issue important in company evaluation?" Data were analyzed using path analysis. The results showed that the intrinsic factors of financial reporting quality include dynamic factors (operation cycle and sales fluctuations) as well as static factors (company size). These factors help to achieve the quality of financial reporting and are able to provide a positive response to the market. On the other hand, static factors (company age) and institution risk factors (financial leverage) are not able to increase the quality of financial reporting. Therefore, it cannot be considered as an economic decision maker for investors. Liu et al. (2023), a study titled "Corporate transparency and firm value: Does market competition play a role in external governance?" they did The results show that stronger transparency increases company value and market competition has a significant positive effect on this relationship. Also, the results show that competition at the industry level has a significant moderating effect at the mutual level. In addition,

according to the alternative view, the research findings showed that the disciplinary power of competition in the relationship between transparency and value is more obvious for companies with weaker. Cross et al. (2022) conducted a study entitled "Non-financial reporting and company financial performance: systematic literature review and integrated framework and its impact on company value". The literature focuses on disclosures related to integrated reporting, sustainability disclosure (also called corporate social responsibility disclosure), and corporate governance disclosure. A combined intertextual coherence strategy has been followed throughout the interpretation of the findings. The results of the combined cross-textual coherence strategy was the development of an integrated framework that shows that the inclusion of control variables in the regression analysis does not affect the direction of the relationship between quality reporting and financial reporting. Hong (2022), presented a research entitled "Sustainability orientation, by-product management and business performance: an empirical investigation". The findings show that (1) sustainability orientation affects sustainable new product development and by-product management. (2) Sustainable new product development and by-product management jointly and directly affect environmental performance. (3) Environmental performance is very important in determining business performance. A firm's technological infrastructure reports a moderating effect between sustainable operations and performance outcomes. The longevity of a company reports a moderating effect between environmental performance and business performance. Alsahlawi et al (2021) in a research entitled "The effect of environmental sustainability disclosure on stock returns of companies listed on the Saudi Stock Exchange: the moderating role of financial constraints" showed that environmental sustainability disclosure has a significant and negative effect on stock returns. These results show that investors do not pay attention to environmental disclosure when evaluating stocks. In addition, their results showed that the negative effect of environmental disclosure on stock returns is more severe in companies with financial constraints. Harmadji et al (2020) in a research entitled "strategy, procedures and quality of sustainability reporting and the risk of future fall in stock prices" investigated the impact of strategies and quality of sustainability reporting on the risk of future fall in stock prices. In order to analyze the data, regression models were used. The results of this research showed that the strategy and performance of sustainability reports have a positive effect on the quality of sustainability reports. Also, the quality of sustainability reports plays an intermediary role in the implementation of sustainability strategies against the future fall of stock prices.

#### 4. Research Hypothesis

As stated, the current research seeks to investigate the effect of integrated financial reporting on company value with the role of adjusting corporate governance in companies listed on the Iraqi Stock Exchange. Therefore, the hypotheses of the research have been developed as follows:

$H_1$ : *Integrated financial reporting has a significant effect on company value.*

$H_2$ : *Corporate governance has a modifying role in influencing integrated financial reporting on company value.*

#### 5. Research Method

The current research is descriptive and applied in terms of purpose and in the field of comparative and retrospective research using quantitative data. To test the relationship between variables and the significance of the model, multivariate regression analysis was used in Stata software. In the current research, the statistical population includes the companies accepted in the Iraqi Stock Exchange, and the statistical population of this research was 10 companies, with the condition that the company is of production type and the required data is available.

Regression models and research variables

The following regression models have been used to test the research hypotheses:

$$FIVquality_{it} = \beta_0 + \beta_1 IR_{it} + \beta_2 Controls + \varepsilon_{it} \quad (1)$$

$$FIVquality_{it} = \beta_0 + \beta_1 COG_{it} + \beta_2 (IR_{it} * COG_{it}) + \beta_3 Controls + \varepsilon_{it} \quad (2)$$

The variables of this research include dependent, independent and control variables, which are described below:

**(IR)** Integrated Reporting Score Index is a combination of information that companies provide in their integrated reports. According to the integrated reporting framework by the international integrated reporting console, 8 elements constitute the main content of integrated reporting, which are:

1-Overview of the organizational unit and the external environment, 2-Strategies and how to allocate resources, 3-Business model, 4-Sovereignty, 5-Opportunities and risks of the organization, 6-Organization performance, 7-Future perspective and 8- Preparation and presentation.

In each element of the main content, 5 questions have been designed to measure the comprehensiveness and quality of disclosure of integrated reporting based on the principles embedded in the International Console of Integrated Reporting. The answer to each question is evaluated with a scale of zero to five, where zero indicates non-compliance with the principles of integrated reporting and a score of 5 indicates strong compliance with the principles of integrated reporting. As a result, the minimum score for each main content element is zero and the maximum score for each main content element is 25. As a result, the final quality score of integrated reporting is between 0 and 200 points; And finally, in order to reduce and homogenize the data, the score obtained for each company is divided by the maximum score of 200 and a ratio of zero to one is obtained. The closer the score is to one, the higher the quality of reporting. It is integrated (Ehtesham Mehr, 1400) and (Lee et al., 2015)

**COG:** Corporate Governance Index: This index is the average of 4 indicators of quality of the board of directors (BOD) and quality of the audit committee (AC) and two new indicators of sustainability performance (SP) and non-financial performance (NFPM).

In this research, following the study of Wang et al. (2020) (expanding it with regard to the financial institutions present in the Iraqi stock market) to measure the corporate governance mechanisms from 4 indicators, in the form of two traditional indicators 1. the quality of the board of directors (BOD) and 2. Audit committee quality (AC) and two new indicators 3. Sustainability performance (SP) and 4. Non-financial performance (NFPM) are used.

**BOD** of the board of directors: a composite measure of the effectiveness of the board of directors is constructed using the dual measures of independence, diligence, expertise and size of the board of directors (Wang et al., 2020).

**Independence:** If the ratio of the number of non-obligatory members divided by the total members of the board of directors is greater than the median, the number is 1, otherwise the number is zero.

- **Board size:** If the number of board members in the board is less than the median, the number will be 1, otherwise the number will be zero.
- **Effort:** If the number of meetings of the board members in a financial year is more than the average, the number is 1, otherwise, the number is zero.

**Expertise:** If the company has a policy related to sufficient experience in its board of directors, it will be 1 and otherwise it will be 0.

The average of these four dual criteria constitutes the quality of the board of directors (BOD) with a range between 0 and 1.

**Audit Committee AC:** A composite measure of audit committee effectiveness constructed using dual measures of audit committee independence, diligence, size, and expertise (Wang et al., 2020).

**Independence of the audit committee:** a company with code 1 if the audit committee has only independent directors and otherwise it is coded 0.

**Audit committee effort:** If the number of audit committee meetings is higher than the median of the sample, the number is coded as 1 and otherwise as zero.

- **Expertise of the audit committee:** If the ratio of the directors of the audit committee who are qualified as financial and accounting experts is higher than the average of the sample, the number of a company will be 1, and otherwise the number will be zero.

**Audit committee size (manual collection):** If the audit committee size is higher than the median of the sample, a company is coded as 1 and otherwise 0.

The average of these four dichotomous measures constitutes the AC quality, with a range between 0 and 1.

**SP of the company's sustainability performance:** the score or score of the company's sustainability through the sum of the strengths and weaknesses or concerns related to the KLD social

rating checklist for all 7 dimensions including social, governance, environment, employee relations, product quality, rights Humanity and diversification (Sai et al., 2016 and Dibaker, 2017)

First, it is classified based on the five dimensions of corporate sustainability performance, including economic, governance, social, ethical and environmental domains (Antoni and Rezaei, 2015). In this research, the checklist of Amin et al. (2017) was used. In each area, criteria were proposed as strengths and points of concern.

Chen, if the company under investigation has the criteria of strengths, the number 1 is assigned, otherwise zero is assigned to it, on the other hand, if the company meets the criteria of points of concern, the number 1 is assigned, and otherwise, zero is assigned. In order to calculate the score of each of the dimensions of sustainability performance for each company, the total points of concern are subtracted from the total of strengths and the score of social performance (SOC), governance (GOV), ethics (ETH), environmental (ENV) and economic (ECO) is calculated. (Amin et al., 2021)

NFPM non-financial performance index: If managers' compensation is based on financial and non-financial performance measures, NFPM is equal to 1, and if it is only based on financial performance measures, it is equal to 0 (Wang et al., 2020).

control variables

**SIZE** Company size: natural logarithm of total assets,

**FORSALE** Foreign sales: 1 if a firm reports foreign sales and 0 otherwise.

**GROWTH** Sales growth: the ratio of the difference between the current year's sales and the previous year's sales to the previous year's sales

Financial Leverage **LEV**: The ratio of long-term debt to total assets

**RISK** Risk ratio: the ratio of inventory plus accounts receivable to total assets

**INSTOWN** Institutional Shareholder Ratio: The ratio of shares owned by institutional investors to total shares

Capital Expenditure **CAPEX**: The ratio of total capital expenditure to total assets

Industry effects control agent of industry effects

Year effects control factor for year effects.

## 6. Research Findings

### 6.1. Descriptive Statistics

In order to examine the general characteristics of the variables, as well as to estimate the model and their precise analysis, it is necessary to be familiar with the descriptive statistics related to the variables. Descriptive statistics calculates the parameters of the society and includes the central and dispersion indicators of the society, etc. Table 1 shows the descriptive statistics of research variables, including mean, median, maximum, minimum and standard deviation.

**Table 1.**  
Descriptive statistics of research variables Variables.

Variable	N	Mean	Std. dev.	Min	Max	Skewness	Kurtosis
IR	70	0.065	0.109	0.000	0.653	3.577	17.515
COG	70	0.412	0.243	0	0.857	-0.172	2.228
IR*COG	70	0.031	0.060	0	0.373	3.623	18.170
Size	70	22.62	1.330	19.453	24.499	-0.426	2.080
FORSALE	70	0.357	0.482	0	1	0.569	1.335
GROWTH	70	0.072	0.108	-0.224	0.385	-0.211	3.644
Lev	70	0.238	0.202	0.001	0.671	0.629	2.023
Risk	70	0.627	0.152	0.359	0.961	0.213	2.350
INS	70	0.374	0.214	0.008	0.743	-0.314	1.810
CAPEX	70	0.266	0.301	0.019	1.453	1.959	6.942
	<b>N%</b>		<b>N</b>		<b>Description</b>		<b>Variable</b>
	64/29		45		0		FORSALE
	37/21		25		1		

100	70	Sum
-----	----	-----

As shown in Table 1 the average variable of "corporate governance" in Iraqi capital market companies is equal to 0.412; which shows that most of the observations made regarding this variable were around the mentioned point. On the other hand, the average of the "institutional shares" variable is equal to 0.374, which shows that the ratio of the total shares owned by legal entities to the total issued shares in the studied companies is equal to 5.5 on average. It was 37.5%.

## 6.2. Inferential Findings

Multiple linear regression has been used to test the research hypothesis. At first, before fitting the model, the degree of collinearity between the independent variables of the research was examined through the variance inflation test. Practical experiences indicate that if the variance inflation factor is greater than 5, it indicates the existence of a possible warning, and if it is greater than 5, it indicates a serious warning and indicates that the corresponding regression coefficients are due to multiple collinearity. They are poorly estimated. The results of this test indicate that there is no strong collinearity between independent and control variables. Chau test (F-test) was used to select the best model between pooled and combined data using fixed effects method and finally Hausman test was used to select the best model between combined data using fixed effects method and random effects method. Both research models indicate the choice of fixed effects model.

According to the results of the above table, the models related to the hypotheses of this research were estimated using the fixed effects method. Before estimating the model, it is necessary to test some of the main underlying assumptions of regression, including non-autocorrelation of residuals and heterogeneity of variance. The Waldridge test (2002) was used to check serial autocorrelation. Since the significance level obtained by the Waldridge test is smaller than the significance level of 5%, therefore, the zero hypothesis of this test is rejected and the hypothesis one, which is the existence of serial autocorrelation and shows the existence of first-order autocorrelation, is accepted in order to solve it using the least squares restoration model. The finding of the Xtgls command... AR(1) was used and the autocorrelation problem was fixed. In this research, the modified Wald test was used to estimate the hypothesis of variance heterogeneity, and the results indicated the existence of the problem of variance heterogeneity, so it is necessary to use appropriate models in order to solve the problem of variance heterogeneity. In this research, in order to solve the problem of heterogeneity of variances from GLS generalized least squares method, Xt gls command. was used and the problem of heterogeneity of variances was solved.

## 6.3. Testing Research Hypotheses

### 6.3.1. Test of the First Hypothesis

In the first hypothesis of the research, the effect of integrated financial reporting on the value of the company has been tested. Table 2 shows the results of testing this hypothesis. According to the results of the mentioned table, the significance level obtained for the statistics of "integrated financial reporting" variables is equal to 0.655 and greater than the expected error level of 0.05; And it indicates that integrated financial reporting does not have a significant effect on the value of the company. On the other hand, the adjusted coefficient of determination is equal to 0.358, which indicates that the independent and control variables are able to explain and predict 35.8% of the changes in the dependent variable. In addition, the significance level of Wald's statistic is equal to 0.000, which shows that the regression model is properly fitted.

**Table 2.**  
The results of the first research hypothesis test.

Variable	Cof.	SD	z	Prob
IR	5.404	12.09	0.45	0.655
Size	-4.042	1.966	-2.06	0.040
For sale	-1.093	2.817	-0.39	0.698
Growth	-12.68	12.929	-0.98	0.327
Lev	29.371	11.470	2.56	0.010
Risk	46.805	16.220	2.89	0.004
INS	22.498	10.08	2.23	0.026
CAPEX	3.229	5.443	0.59	0.553
C	56.365	44.205	1.28	0.202
R		0.3592	Wald	19.92
R <sup>2</sup>		0.3582	Prob	0.0100

#### 6.4. Test of the Second Hypothesis

In the second hypothesis of the research, it was stated that corporate governance has a modifying role in influencing integrated financial reporting on company value. Table 3 shows the results of testing this hypothesis. According to the results of the mentioned table, the significance level obtained for the variable statistic "Corporate Governance\*Integrated Financial Reporting" is equal to 0.532 and greater than the expected error level of 0.05; And it indicates that corporate governance does not have a modifying role in influencing the integrated financial reporting on the value of the company. The adjusted coefficient of determination is equal to 0.415, which indicates that the independent and control variables are able to explain and predict 41.5% of the changes in the dependent variable. In addition, the significance level of Wald's statistic is equal to 0.000, which shows that the regression model is properly fitted.

**Table 3.**  
The results of the second research hypothesis test.

Variable	Cof	SD	Z	Prob
COG	16.338	10.087	1.62	0.104
IR*COG	16.726	26.745	0.63	0.532
Size	-4.470	1.995	-2.24	0.025
FORSALE	-0.441	2.727	-0.16	0.871
GROWTH	-8.944	12.696	-0.70	0.481
Lev	16.394	13.655	1.20	0.230
Risk	52.888	15.630	3.38	0.001
INS	26.03	10.772	2.42	0.016
CAPEX	4.742	5.490	0.86	0.388
C	56.345	44.146	1.28	0.202
R		0.4159	Wald	25.73
R <sup>2</sup>		0.4115	Prob	0.0000

## 7. Discussion and Conclusion

In the first hypothesis of the research, the effect of integrated financial reporting on the value of the company is tested. The results of the test of this research hypothesis indicated that integrated financial reporting does not have a significant effect on the value of the company. When the impact of integrated corporate reporting on company value is examined, there are two opposing views. According to the first point of view, companies that are more committed to integrated reporting activities incur additional costs that reduce their profitability. On the other hand, the argument that the clear and complete presentation of all the company's vital information causes the competitors to benefit from the disclosed

information about the company's goals and plans in a competitive market and causes the reduction of the companies' competitive power and consequently the reduction. It provides the value of the company (Abol-Fathi, 2019). Therefore, it is expected that there is an inverse relationship between the company's integrated reporting disclosure and the company's value (Badawi, 2017; Airedale, 2019; Ferro, 2016), but according to the second perspective, companies that engage in reporting activities. They have more commitment, they can gain more value in the market. Based on this, it can be argued that participation in integrated reporting can improve the company's value by improving the flow of information between managers and shareholders. (Bart et al, 2017). The results and findings of the first research hypothesis are contrary to the above views. It seems that in the Iraqi capital market, integrated financial reporting tools cannot help the shareholders in evaluating the company's value, and other factors affecting the stock price (company's value) are considered by the shareholders.

In the second hypothesis of the research, it was stated that corporate governance has a modifying role in influencing integrated financial reporting on company value. The results and findings of the research indicate that corporate governance does not have a modifying role in influencing integrated financial reporting on company value. The disclosure of integrated commercial information helps to develop the disclosure and levels of transparency and clarity of information and also causes a better evaluation of the company's performance as well as a better evaluation of the sustainability and development of the company. It can also be said that the value of the company is created when that company creates benefits for its main stakeholders. Second, participation in integrated reporting can lead to the establishment of coordination between the company's goals and society's norms and lead to the legitimacy of the company's operations and the increase of the company's credibility and image. Thirdly, the commitment to more disclosure of the company's integrated reporting can be a useful way to gain the support of the companies' influential stakeholders, such as shareholders, which increases the company's ability to create value and profitability (Chen, 2010). Fourthly, the commitment. More integrated reporting through more disclosure can facilitate access to necessary disclosures such as capital and commercial contracts by reducing political and security costs through increasing company value. (Marangori, 2019) The results and findings of this hypothesis are contrary to the aforementioned theoretical foundations. It seems that in the Iraqi capital market, the combination of integrated financial reporting and corporate governance, which in a way confirms the broad definition of corporate governance, necessarily leads to an increase in prices. shares do not, and on the other hand, according to the political and economic context of this country, the broad views of corporate governance that protect the rights of all stakeholders do not necessarily lead to an increase in the wealth of shareholders (company value), according to the results of the test. The research hypotheses are presented as follows; due to the lack of impact of integrated financial reporting on the value of the company, it is suggested to the shareholders and other financial analysts to use other factors affecting the value of the company in order to evaluate the value of Iraqi companies. Considering the lack of mutual influence (integrated financial reporting\* corporate governance) on the value of the company, it is suggested to the Iraqi stock market to pay more attention to the limited aspects of corporate governance. The results of the research suggest investors in the Iraqi stock exchange to gain more knowledge about the mechanisms of corporate governance and interpret the information reported by the board of directors with more caution.

### Copyright:

© 2024 by the authors. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

### Resources

- [1] Abdullah AL-Mutairi, Kamal Naser, Nabi Al-Duwaila.(2017). Students' Attitudes towards the Adoption of International Financial Reporting Standards (IFRS) in Kuwait. *Asian Social Science*; Vol. 13, No. 5; 2017
- [2] Agus Fredy Maradona, Parmod Chand 2018 " The Pathway of Transition to International Financial Reporting Standards(IFRS) in Developing Countries:Evidence from Indonesia" *Journal of International Accounting, Auditing and Taxation*, Volume 30, March 2018, Pages 57-68

- [3] Al-Dmour, A.H. and Al-Dmour, R.H. (2018), "Applying multiple linear regression and neural network to predict business performance using the reliability of accounting information system", *International Journal of Corporate Finance and Accounting (IJCFA)*, Vol. 5 No. 2, pp. 12-26.
- [4] Alawiye-Adams, Adewale Adegoke and Ibukun-Falayi, Owoola Rekiat, 2018 " The Impact of International Financial Reporting Standards (IFRS) Adoption on the Quality of Financial Statements of Banks in Nigeria. (January 10, 2018). Available at SSRN: <https://ssrn.com/abstract=3099851> or <http://dx.doi.org/10.2139/ssrn.3099851>
- [5] Arachchi, A.N.H., Perera, W. and Vijayakumaran, R. (2017), "The impact of working capital management on firm value: evidence from a frontier market", *Asian Journal of Finance & Accounting*, Vol. 9 No. 2, pp. 399-413,
- [6] Arif, T.M.H., Noor-E-Jannat, K. and Anwar, S.M.R. (2016), "Financial statement and competitiveness analysis: a study on tourism & hospitality industry in Bangladesh", *International Journal of Financial Research*, Vol. 7 No. 4, pp. 180-189.
- [7] Asyik, N, F., Agustia, D., Muchlis, M., (2023). Valuation of financial reporting quality: is it an issue in the firm's valuation?. *Asian Journal of Accounting Research*, 8 (4). 387-399. DOI 10.1108/AJAR-08-2022-0251
- [8] Asyik, N.F., Muchlis, Triyonowati, Rusdiyanto, Hendrati, I.M., Nuswantara, D.A. and Suyanto (2024), "The effect of male CEO masculinity face on earnings management: evidence from Indonesia", *Cogent Economics and Finance*, Vol. 11 No. 1, 2164556,
- [9] Asyik, N.F., Muchlis, M., Riharjo, I.B. and Rusdiyanto, R. (2022), "The impact of a male CEO'S facial masculinity on leverage", *Cogent Business and Management*, Vol. 9 No. 1, 2119540,
- [10] Bernard Raffournier Alain Schatt 2018 " The impact of International Financial Reporting Standards (IFRS) adoption and IFRS renouncement on audit fees: The case of Switzerland" *international journal of auditing*, 2018;22:345-359
- [11] Barth, M. E 2013 " Global comparability in financial reporting: What, why, how when?" " *China Journal of Accounting Studies*,
- [12] Barth, M. E., Landsman, W. R., & Lang, M. H 2008 ".International accounting standards and accounting quality " *Journal of accounting research* 49(8). 1767-1793
- [13] Chen Chen, Danqing Xu Young & Zili Zhuang (2012). Externalities of mandatory IFRS adoption: Evidence from Cross-Border Spillover Effects of Financial Information on Investment Efficiency. Retrieved from Hope, O. K., Thomas, W. B. and D. Vyas (2009). "Transparency, ownership, and financing constraints in private firms". Available at SSRN: <http://ssrn.com/abstract=1535644>.
- [14] Draz, Muhammad Umar (2012). IFRS or IFRS-based domestic standards: Implications for China's future accounting system. Retrieved from <http://papers.ssrn.com/abstract=2134519>.
- [15] Emmanuel Ogbenjuwa, (2016). Implementation of International Financial Reporting Standards by Listed Companies in Nigeria, Walden University.
- [16] George Iatridis. (2010). International Financial Reporting Standards and the quality of financial statement information, *Journal: International Review of Financial Analysis*, 19 (3), 193-204
- [17] Jung Hoon Kim, Steve Lin 2019 " Accrual anomaly and mandatory adoption of IFRS: Evidence from Germany " *Advances in Accounting* Volume 47 November 2019 Article 100445
- [18] Jaana Kettunen 2017 "Interlingual translation of the International Financial Reporting Standards as institutional work " *Accounting, Organizations and Society*, Volume 56, January 2017, Pages 38-54
- [19] Mark DeFond, Xinzi Gao, Oliver Zhen Li, Lijun Xia 2019 " IFRS adoption in China and foreign institutional investments " *China Journal of Accounting Research* Volume 12, Issue 1 March 2019 Pages 1-32
- [20] Matthias Nnadi, Teerooven Soobaroyen 2015 "International financial reporting standards and foreign direct investment: The case of Africa" *Advances in Accounting*, Volume 31, Issue 2, December 2015, Pages 228-238
- [21] Marziana Madah Marzuki, Effiezal Aswadi Abdul Wahab 2016 " Institutional factors and conditional conservatism in Malaysia: Does international financial reporting standards convergence matter?" *Journal of Contemporary Accounting & Economics*, Volume 12, Issue 3, December 2016, Pages 191-209
- [22] Martinez, A. L. & Dumer, M. C. R. (2012). Adoption of IFRS and the properties of analysts' forecasts: The Brazilian case. Retrieved from
- [23] Rajni mala ,parmod chand. (2014). Impacts of Additional Guidance Provided on International Financial Reporting Standards on the Judgments of Accountants, *The International Journal of Accounting*, 49 (2), 263-288.
- [24] R. Weerathunga Chen Xiaofang Mohammad Nurunnabi R. M. N. C. Swarnapali 2020 " Do the IFRS promote corporate social responsibility reporting? Evidence from IFRS convergence in India" *Journal of International Accounting, Auditing and Taxation* September 2020 Volume 40 Article 100336
- [25] Tulus Suryanto, Agrianti Komalasari 2019 " Effect of mandatory adoption of international financial reporting standard (IFRS) on supply chain management: A case of Indonesian dairy industry" *January 2019 Uncertain Supply Chain Management* 7(2):169-178