

THE RECIPROCAL RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND THE REGULATION OF THE CAPITAL MARKET STRUCTURE / IRAQ STOCK EXCHANGE CASE STUDY

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Introduction:

Among the reasons that led to the emergence of corporate governance is the presence of a number of structural imbalances in companies, such as the lack of full disclosure and transparency with regard to accounting information, and the failure to show accounting information to the real financial conditions of companies, which leads to a lack of confidence in the accounting information contained in the reports. The companies' finances in the various financial markets and the investors' distance from them and the lack of confidence in the accounting and auditing offices, as well as the lack of commitment to the application of international accounting standards to attract foreign direct investment.

The financial crises that occurred in recent years led to the bankruptcy of many major international companies and institutions. The lack of commitment to disclosure, transparency, and the lack of quality and integrity of financial information for shareholders led to the collapse of most financial markets and in order to reduce financial corruption and administrative deviation. Which leads to the intervention and supervision of shareholders and general assemblies on the board of directors and its executive bodies.

The concept of corporate governance is through which the objectives of companies are set, which is to protect the interests of shareholders and other stakeholders, maximize corporate performance, reduce risks and improve access to capital markets. It is one of the most important topics of interest to many researchers and professional and international organizations.

This research is a practical attempt to study the imbalances in the structures of companies registered in the Iraqi stock market and the impact of the commitment to governance on that, and to reveal the paths to modify that imbalance.

Research problem: The great changes that Iraq witnessed after the events of 2003, and the beginning of its attempts to enter the market economy may lead to major developments in the Iraqi market for securities, and it is possible to witness an increase in the number of investors during the coming years, and this expansion in the financial market requires corporate governance, which helps To clarify the defects, including weak management structures, lack of interest in transparency and disclosure, and weak accountability. Governance contributes to addressing it by providing accurate and correct accounting information to shareholders and protecting their rights and the rights of other stakeholders.

The aim of the research: The research aims to try to formulate a proposed model to address the structural imbalances in the Iraqi market for securities, by identifying the positives of corporate governance - if any - and its impact on the economic, social and legal aspects, and to identify the

implications of its application on the Iraqi market for securities. Clarifying the role of governance in preparing financial reports with quality and integrity, and clarifying the importance of disclosing accounting information to enhance the efficiency of the financial market.

The importance of the research: This study emphasizes the need to spread the application of corporate governance in the Iraqi business environment and to benefit from it in developing accounting practices. The research derives its importance from the importance of governance and its repercussions on companies in the Iraqi stock market in a way that achieves the benefit of investors in the market and ensures obtaining information of a sufficient degree of accuracy.

Also, revitalizing the Iraq Stock Exchange, protecting the rights of shareholders and stakeholders in the joint stock companies, and maintaining the continuity of the success of these companies and their economic reputation will be reflected positively on the Iraqi economy.

Research hypothesis: In order to achieve the research objective, the researcher will assume the following:

First: Good corporate governance practices lead to enhancing the efficiency of financial markets through the relationship between accounting information, the mechanism of concentration of ownership and the mechanism of the board of directors.

Second: Accounting information and its disclosure affect the preference for the role of corporate governance to enhance the efficiency of the Iraqi Stock Exchange.

Research methodology: In order to achieve the objectives of the research to show the impact of corporate governance in addressing structural imbalances in the Iraqi stock market, the researcher will follow the inductive approach in reviewing the appropriate references and literature related to the subject of the research. Regarding the practical side, financial analysis will be based on using some financial ratios as indicators to identify structural imbalances through statistical analysis in a sample of Iraqi companies. Five main financial indicators will be selected:

Research community and sample: The study population is the Iraqi companies registered in the Iraq Stock Exchange, and the research sample is represented by seven Iraqi companies belonging to different sectors, chosen by the intentional sampling method, which is illustrated in the following table:

Table No. 1 Research sample

Agriculture Sector	Industry Sector	Hotel Sector	Insurance Sector	Banks	Tourism Sector	Investment Sector
Abu Ghraib Company	Soft drinks	Ishtar Sharaton Hotel	Asia Insurance Company	Baghdad Bank	The Sahi City of Habbaniyah	Al , Thiqa Company for Financial Investments

1.Theoretical framework

To rebuild confidence in the financial market after the scandals of some unethical companies in the profession and business that led to their bankruptcy, for example, Enron, which did not benefit from all its measures in restoring its position in the market, which eventually led to the bankruptcy of the largest American company in the world as a whole. Which has had the greatest impact in crystallizing and adopting the concepts and principles of governance. Subsequently, the issue of corporate governance was taken into consideration, then the Law of (Ley, Ox) was enacted in

2002.

1.1. The concept of governance: the processes that are carried out through the procedures used by the representatives of stakeholders in order to provide supervision over risk management, monitor the risks of the economic unit, and ensure the adequacy of controls to achieve the objectives and maintain the values of the enterprise. (Ahmed Madani and Maddah Abdel Hadi. 2017, 13) . Or it is a set of structures and processes necessary to direct and control the institution, define and distribute rights and duties among the main participants in the institutions, understand the shareholders, members of the board of directors and managers, as well as define the rules and procedures for making decisions regarding the company's matter. (Reem Rassem Mahmoud Odeh, 2017, 11) or it is a set of relationships between the company's management, its board of directors, shareholders and other stakeholders, and it provides the framework through which the organization's goals and tools are set, through which these goals are implemented, and the level of performance required. (Ahmed Ali Khader. 2012, 39) The researcher believes that governance is a set of rules and procedures that regulate relations between all concerned parties, as well as their ability to manage risks and exercise control over them in order to achieve greater value for shareholder investments through the continuity of growth and financial stability of the economic unit.

1.2. The importance of corporate governance: Accounting and addressing internal corruption in companies, achieving and ensuring the integrity and impartiality of the company's employees, starting from the board of directors and executives to the lowest worker. (Humera Khan, 2011, p230) As well as improving the work of companies and ensuring the achievement of companies and their objectives legally and economically sound and working to increase accountability, control and incentives. And set standards and practices for the efficient and effective investment of the materials available to companies. (Lee, H. B., 2008, p46)

1.3. The basic determinants of governance: They are of two types

1.3.1. External determinants: They consist of: (a) organizational elements and refer to the general investment climate in the country in which the companies operate, and their importance is due to the fact that their presence ensures the representation of laws and rules that guarantee the good management of the company, which are: Laws regulating the market and economic activity, such as the Law Capital market, corporate law, competition regulation, prevention of monopolistic practices, and laws related to bankruptcy. And the efficiency of the financial sector (banks and the money market) in providing the necessary financing for projects in an appropriate manner that encourages companies to expand and international competition. And the efficiency of the regulatory bodies and bodies (such as the Capital Market Authority) in the provisions of corporate oversight. And non-governmental self-regulatory institutions that ensure the efficient functioning of the markets, and professional associations such as the Association of Accountants and Auditors and companies operating in the financial markets. (B) Special elements and refer to stakeholders, private institutions and professionals from accountants, auditors and legal professionals. (Jiang, W. et al, 2008, 191)

1.3.2. Internal determinants: They refer to the rules and foundations that include the establishment of peaceful administrative structures that determine how decisions are taken and the distribution of powers within the company between the board of directors, executive managers and shareholders, the provision of which reduces the conflict between the interests of these parties. (IASB,2010,p66)

1.4. Motives for adopting corporate governance: One of the most important motives for adopting a corporate governance framework are: The need to address the imbalance in the financial structure. Separation of the responsibilities of the board of directors and executive directors. And setting rules for financial transparency. Expanding the monitoring department for strategic operational performance. And try to eliminate the vulnerability of organizations to stumble and financial failure. As well as raising the level of economic value for internal audit. (Al-Mashhadani, 20132, 40)

1.5. The role of financial markets in applying the principles of corporate governance

1.5.1. Achieving equality in the treatment of shareholders: Protecting minority rights and preventing the participation of inside information or its exploitation in trading on securities, in addition to knowing the board members and managers' associations that affect the company, and setting laws and procedures characterized by transparency in the company's trading of its shares.

1.5.2. Achieving disclosure and transparency through disclosure requirements: Disclosure of private and public transactions, names and remunerations of board members, important events, shareholders and ownership.

1.5.3. Commitment to applying international and local accounting and auditing standards, preparing and examining quarterly or semi-annual financial statements, and preparing reports for the Board of Directors.

1.5.4. Protection of the rights of shareholders: the rights associated with their capacity as owners to register and transfer ownership and the rights associated with the trading of shares to organize acquisitions to protect investors from non-commercial risks, as well as protect the rights of other stakeholders: licensing and issuance of evidence and brochures Obligation of the company to invite a representative of bondholders to attend the general assembly meetings Shareholders have the right to comment on its decisions (117, Imhoff, E. A., 2003).

2. Theoretical framework for the Iraqi stock market

2.1. The tasks of the financial markets: For the success of any economic edifice, some pillars must be available, the most important of which is the stock market. Therefore, work must be done to approve and activate the concepts of transparency, disclosure, governance and international standards for accounting and auditing, and to provide investment opportunities to local and foreign investors, which leads to creating confidence in the national economy and ensuring the preservation of on the rights of shareholders and other stakeholders, and the following main objectives are achieved: (1) It provides protection to shareholders. (2) Achieving justice, efficiency and transparency of transactions. (3) Minimizing the risks arising from financial transactions. (4) Disclosure and transparency. (5) Responsibilities of the Board of Directors. (5) From this standpoint, the Iraq Stock Exchange (ISX) was established to contribute to building a strong economy (Bohraoua and Boukoroucha, 2015, 233).

2.2. Iraq Stock Exchange / Close-up

The Iraq Stock Exchange was established according to the temporary law for stock markets No. (74) issued in April 2004 instead of the Baghdad Stock Exchange, which was established by Law No. 24 of 1991. It started its activity in its first trading session on June 24, 2004 The number of companies traded in this session is only (15), and the market is managed by the Board of Governors. The main center of the market is in Baghdad and it has the right to open branches in other Iraqi cities.

The law of the Iraqi Stock Exchange focused on several aspects, the most important of which are

the following paragraphs.

2.2.1. Market responsibilities: They were legally defined by the following points:- (1) The Iraqi Stock Exchange, according to the Market Law, enjoys a legal personality that is financially and administratively independent from the Iraqi government. (2) The responsibility of the market is limited to the assets owned by it and does not include the assets owned by the members. (3) The market shall be responsible for any obligations incurred or may result from the Baghdad Stock Exchange. (4) The market has the right to file cases before courts, investigative bodies, or any other authority, provided that it is represented by the Chairman of the Board of Governors or by a person authorized by him. (5) The market is a self-regulating institution independent of the government and the Ministry of Finance, not for profit, and owned by the members. Its joint commercial dealings with others should be in a commercial manner that does not contradict the temporary and permanent laws, bylaws and other instructions of the market or the authority.

2.2.2. Market objectives: The law defines them as follows:- (1) Regulating and training its members and companies listed in the market in a manner that is commensurate with the objective of protecting and enhancing its shareholders. (2) Promoting the interests of shareholders in a free, reliable, efficient, competitive and transparent market: (3) Regulating and simplifying the transactions of securities in a fair, efficient and orderly manner and guaranteed by the clearing and settlement processes for these transactions. (4) Regulating the transactions of its members with everything related to the purchase and sale of securities and determining the rights and obligations of the parties and the means of protecting their legitimate interests.

2.2.3. To monitor the market: The law defines it as follows:- The market's board of directors undertakes the task of monitoring and supervising the market through a set of disciplinary rules and procedures that govern the work of the market, in addition to the Iraqi Securities Commission (ISC), which was established under temporary law No. 74 of 2004. Which authorized it to perform many legal and administrative actions and procedures, issue rules and implement everything related to the work of the financial markets in Iraq. On disclosure and transparency in coordination with the market components (the market, companies, brokers, and investors). The most important goal of the Authority is disclosure to protect small shareholders and to follow up on influential large shareholders, which is 10% of the company's capital within the Securities Commission Law. In the company's activity on a regular and regular basis, as well as information on new issues in order to protect investors. (Bo Talala and Boras, 2016, 243)

2.3. The economic dimension of the market and its achievements: Since the establishment of the market is one now, the market has undertaken great economic tasks, and has many achievements, which can be summarized in the following points:

2.3.1. The terms of the previous agreement were amended to include investment for non-Iraqis and the method of working in an electronic way of trading also between the market and brokers. For this reason, the agreement contract was signed with the Investment Bank of Iraq to manage the Bank for Financial Clearing and Settlements

2.3.2. Building a database for shareholders in companies whose shares are traded in the market by the Depository Center in the market

2.3.3. The Board decided to increase the number of sessions, with the aim of stimulating trading in the Iraqi market, increasing the turnover of shares and achieving high liquidity of shares. (119) trading sessions were organized and managed during the year, and (119) daily trading bulletins were issued with their news reports, and (12) A monthly report and the issuance of the fourth

annual report that shows the market activity during the year 2007.

2.3.4. Issuance of the market index for the prices of traded shares (Index Price ISX) according to the standards of the Arab Monetary Fund, with the purely Iraqi efforts of the electronic calculator department. The index includes in its database the measurement of all listed companies in the market.

2.3.5. Work on building monitoring stations in the market building distributed in the electronic trading monitoring sections.

In order to activate the work of the electronic trading system, which includes (50) electronic trading stations equipped with modern electronic computers with specifications in all their wired and wireless networks.

2.3.6. Referring the negligent to the administrative investigation and to the Disciplinary Committee and the implementation of audit and inspection programs on the activities of the shareholder departments in the listed joint stock companies and on brokerage companies and offices in the market.

2.3.7. Continuous cooperation with the Secretariat of the European Union - Asian Stock Exchanges (FEASE), which includes thirty European and Asian Arab and non-Arab stock exchanges.

2.3.8. The registration of (24) joint stock companies in the International Numbering Agency (ISIN), and this registration and numbering is very necessary as it complies with one of the requirements of the filing system and as it makes these companies known internationally and facilitates any development process in the future linkage with foreign exchanges. (Ahlam Aknoush. 2014, 45)

2.4. Criticisms directed at the market: Through the previous presentation of the texts of Iraqi laws and legislation, it is noted that many aspects of the principles and mechanisms of corporate governance have been neglected, including:

2.4.1. The Iraqi laws did not include texts to protect minority share holders or other stakeholders in the company, as they did not take into account the laws that protect them from internal trading operations or the possibility of their participation in its management or informing them of its operations. There is no law that obliges Iraqi companies to implement corporate governance and clearly define the rights of shareholders in order to achieve justice and equality among them.

2.4.2. Compensation was not mentioned in the form of shares for executives, and the laws focused on financial compensation, whether in the form of salaries or cash rewards

2.4.3. Not obligating companies' boards of directors to form a nomination and governance committee that specializes in nominating and electing the board of directors and promoting the process of implementing corporate governance

2.4.4. Iraqi laws did not specify the contexts and bases for granting remunerations to members of the board of directors and its executive directors, and the extent of independence that they should have

2.4.5. The laws did not address the separation process between the supervision and management tasks within the structure of the board of directors and in the form that defines the duties and responsibilities of both the executive members and the non-executive members. (Al-Omari Samira. 2014, 231)

3. practical side

3.1. General indicators of the Iraqi Stock Exchange:

3.1.1. The number of companies listed in the market reached (188) joint stock companies, divided by sectors as follows:

Table No. 2 / Number of companies registered in the stock exchange by sectors

sum	agriculture	tourism	Industrial	Service	investment	Insurance	Banks	Sector
188	18	20	58	14	18	4	19	Number

3.1.2. The number of sessions held in the market reached (119) trading sessions, an average of three sessions per week.

3.1.3. In the current year (2021), the number of traded shares increased, reaching (306) billion shares, and the increase in the number of shares traded for this year compared to last year was (164%). It is the highest number of shares traded in the Iraq Stock Exchange since its inception, and the average number of traded shares per session reached (2,570) billion shares.

3.1.4. In the current year (2021), the trading volume increased to (1,712) billion dinars, and the rate of increase in trading volume reached (191%), which is the highest trading volume achieved in the market since its inception, and the average trading volume in one session reached (11.194) billion dinars.

3.1.5. The index price of traded shares (Index Price ISX) rose at its close in the last session of the year 2021 to reach (6,918) points, compared to the closing of the year 2020, which amounted to (5,056 points) (the index rose by (36.8%).

3.1.6. The number of registered shares in the Iraqi market increased from 1,550 billion shares as in (2.008) billion shares as for the (188) listed companies, with an increase of (29.5%).

3.1.7. The market value of the traded shares (Capitalization Market) increased from (3,898) billion dinars to (4,258) billion dinars, with an increase of (9.2%).

3.1.8. The number of shares traded for non-Iraqi investors in just five months reached (14) billion shares, with a trading volume of (34) billion dinars through the implementation of (674) contracts, which is the first investment experience for non-Iraqis in the market.

We note through trading indicators that the Iraqi Stock Exchange has achieved a qualitative leap in the volume of stock trading after using the electronic trading system, which will show a significant improvement in the market performance, and thus the creation of the Iraq Stock Exchange is not a goal in itself, but rather to serve the goals of economic and social development What it achieves in terms of employing the savings of individuals by allowing the buying and selling of shares and carrying out investment operations. In view of the increasing interest in corporate governance and its mechanisms, it is necessary to seriously think about its application because of its role in strengthening and stabilizing the progress of financial markets. The concept of corporate governance, which leads to ensuring the stability and efficiency of financial markets in Iraq. (Ahmed, S, 2013, 21)

3.2. Financial Analysis Indicators

The use of some financial ratios will clarify the indicators of the financial market, the resource capacity of the available resources, the financial market assessment of the performance of companies registered in the stock market, and the analysis of risk indicators to which companies are exposed. Therefore, there must be good and effective corporate governance to provide internal and external control in how to manage The risks in a sound manner and that the statistical variables used indicate the structure of the board of directors, the ownership structure and the

compensation of executives, and we will test the following ratios: (1) The trading ratio index. (2) The rate of return on investment indicator. (3) The rate of return on equity. (4) Earnings per share. (5) Index of working capital to shareholders' equity. The following table summarizes the meaning of these indicators. (Sukcharoensin, 2013, 345)

Table No. 3 / Meaning of the main financial indicators

Trading Percentage
It is calculated by dividing current assets by current liabilities and measures the ability to pay short-term liabilities through current assets, and that the low ratio indicates the difficulty of paying the company its obligations while the high ratio indicates that the company sacrifices returns due to its significant capital restriction in current assets, and that the value required for this ratio is to cover the current assets of current liabilities 1:2.
Percentage of return on assets
It is also called the rate of return on investment (ROI) and measures the overall efficiency of management in achieving profits from the total investments in assets, and companies are always looking for an increase in return on investment because it is the measure of the profitability of all their investments in the short and long term. The rise of this indicator indicates the efficiency of investment and operational management policies and the tendency towards the employment of its financial resources in high-risk assets, especially cash credit granted to the private agricultural sector in the first years of its activity, which results in a rise in the revenues of the current activity due to the direct correlation of the bank return to the volume of banking risk and the ratio is calculated as follows: Rate of return on assets = net profit / total assets × 100%
Return to Equity Ratio (ROE)
Shareholders' equity represents the owners (shareholders) of additional shares to undistributed profits and reserves minus losses, if any, and this rate measures the extent to which the company is able to achieve profits as a result of the exploitation of the funds of the owners (shareholders) and not to rely on debts and long-term loans, that is, the extent to which companies are able to generate returns from the employment of shareholders' funds in order to maximize their wealth and that the mathematical formula of the rate of return on equity takes the following form: Rate of Return on Equity = Net Profit/Equity × 100%. Note that the higher the rate, the more it indicates the efficiency of the company in exploiting the owners' funds to achieve profits and its ability to make its investment and operational decisions with high efficiency.
Percentage of return on, per share earnings
The share of one common share represents the profits achieved during the period of profitability and is a measure of the overall performance of the company, and is extracted by the following equation: earnings per share = net profits / number of ordinary shares (issued). As for the extraction of the share share, it is in the following equivalent: the share of the ordinary share of the dividends distributed = the nominal value of the share / the percentage of

dividends. Whereas, the nominal value of the share is the value written on the certificate (coupon) of the shares carried by (owned) by the shareholder ,As for the percentage of dividend distribution, it represents the percentage of profits, which the joint stock company announces its distribution, and the higher the percentage of distribution of profits, the higher the share of the share of the distributed profits, which leads to the shareholder obtaining high profits and evidence of the soundness of his decisions taken in investing in the joint stock company and that the use of this percentage helps to evaluate the financial market of the performance of the companies contributing in the Iraqi Stock Exchange.

Ratio of Working Capital to Equity

Net working capital represents the difference between current assets and current liabilities during the financial period and this concept between the relationship between investment operations in current assets and the corresponding liabilities expressed through current liabilities net working capital = current assets - current liabilities. Ratio of Working Capital to Equity = Working Capital / Shareholders' Equity × 100%. The financial collection of this ratio determines the extent to which the company is able to cover its short-term obligations through its short-term assets, and the higher the net working capital, the more security it gives to creditors and lenders in order to collect their money.

3.1. Trading Ratio: The following table shows the position of companies (the research sample) on the trading ratio

Table (4) (Trading Ratio)

Years	Trust for Financial Investments Co	The tourist city in Habbaniyah	Baghdad Bank	Asia Insurance Company	Sheraton hotel	Soft drink company.	Abu Ghraib
2018	55.25	2.32	1.11	3.43	2.63	4.55	2.73
2019	40.80	3.13	1.11	2.83	1.92	2.93	7.78
2020	9.49	3.33	1.11	2.53	1.31	2.32	5.66
2021	2.83	2.02	1.11	3.13	1.11	2.02	9.29
Arithmetic mean	27.10	2.70	1.11	2.98	1.74	2.95	6.36
standard deviation	25.03	0.63	0.00	0.39	0.68	1.13	2.85

Discussion: From the table (1) above, it is clear that the arithmetic mean of the sample of the

financial investment sector (Al-Thiqa Financial Investments Company) was 27.10, which is the highest percentage as it came in the first place, while the Abu Ghraib Company for Agricultural Production affiliated to the agricultural sector came in the second place and the Asia Company The Insurance Company, affiliated to the insurance sector, ranked third, and the Soft Drinks and Furniture Company, affiliated to the industrial sector. The Habbaniyah Tourism Company, affiliated to the services sector, ranked fifth, while the Sheraton Hotel, affiliated to the hotels and tourism sector, ranked sixth. The Bank of Baghdad, affiliated with the banking sector, ranked seventh. last place This means that the effect of applying corporate governance in terms of providing financial liquidity to pay short-term obligations was the best in the financial investment sector in a sample of companies listed in the Iraq Stock Exchange.

3.2. Return on assets: The following table shows the position of companies (the research sample) on the return on assets

Table (5) (Return on Assets Ratio)

years	Trust for Financial Investments Co	The tourist city in Habbaniyah	Baghdad Bank	Asia Insurance Company	Sheraton hotel	Soft drink company.	Abu Ghraib
2018	15.50	0.51	2.86	16.52	56.20	23.05	21.22
2019	18.46	8.87	3.37	5.81	2.04	12.44	7.85
2020		11.02	1.73	7.85		13.46	5.30
2021			3.67	8.98		7.34	4.79
Arithmetic mean	16.98	6.80	2.91	9.79	29.12	14.08	9.79
standard deviation	2.09	5.55	0.85	4.67	38.30	6.56	7.73

Discussion: Through table (2) above, it is clear that the rate of return on assets or investment was in the hotel and tourism sector sample at the highest rank, where the arithmetic mean of this ratio was (29.12), and for the sample of the financial investment sector, the arithmetic mean of this ratio was (16.98), and with this, it ranked second. As for the sample of the industrial companies sector, the arithmetic mean of this percentage was for the Iraqi Carpet and Furniture Company (14.08), and thus it ranked third. And the sample of the insurance companies sector (Asia Insurance) and the sample of the agricultural sector (Abu Ghraib for agricultural production), it ranked fourth with an arithmetic mean of (9.97) and the sample of the services sector (Habbaniyah Tourism), the arithmetic mean of this percentage reached (6.80), and thus it occupied Fifth place, and for the sample of the banking sector (Bank of Baghdad), the arithmetic mean of this ratio was (2.91)

Also, the risks faced by the Sheraton Hotel of the hotels and tourism sector were the highest for

the rest of the sectors with a standard deviation (38.30), while the Bank of Baghdad was the least risky with a standard deviation (0.85). The hotel and tourism sector, where this ratio measures the efficiency and effectiveness of the administration in achieving and increasing profits.

3.3. Return on Shareholders' Equity Ratio: The following table shows the position of companies (the research sample) regarding the return on shareholders' equity

Table (6) (Return on Shareholders' Equity Ratio)

years	Trust for Financial Investments Co	The tourist city in Habbaniyah	Baghdad Bank	Asia Insurance Company	Sheraton hotel	Soft drink company.	Abu Ghraib
2018	15.81	0.61	37.84	23.15	68.95	28.87	25.50
2019	18.97	10.20	38.86	8.98	3.37	18.16	8.47
2020	#VALUE!	12.65	14.69	13.06		21.01	5.92
2021	#VALUE!	#VALUE!	29.17	13.26		12.34	5.20
Arithmetic mean	17.39	7.82	30.14	14.62	36.16	20.09	11.27
standard deviation	2.23	6.36	11.18	6.03	46.38	6.87	9.59

Discussion: It is evident from Table (3) above that the return on shareholders' equity was the highest rank in the sample of the hotel and tourism sector (Sheraton Hotel), where the arithmetic mean of this ratio was (36.16), while this ratio for the sample of the banking sector (Bank of Baghdad) was ranked The second, where the arithmetic mean was (30.14), and the sample of the industrial companies sector (Soft Drinks Company) was in the third place, where the arithmetic mean of the ratio was (20.09). As for the sample of the financial investment sector (The Trust for Financial Investments Company), it ranked fourth, with the arithmetic mean of the ratio reaching (17.39), and for the sample of the insurance sector (Asia Insurance Company), it ranked fifth, where the arithmetic mean of this ratio was (14.62). As for the agricultural sector sample, it ranked sixth with an arithmetic mean of (11.27), and finally the sample of the services sector (Habbaniyah Tourism) ranked seventh with an arithmetic mean of (7.82).

As for the risk, the Sheraton Hotel had the highest risk in relation to the value of the sectors, with a standard deviation of (46.38), while Al-Thiqa Company for Financial Investments was the least risky for the rest of the sectors, with a standard deviation of 2.23).

3.4. Return on share: The following table shows the position of companies (the research sample) on the percentage of return on share

Table (7) (Earnings Per Share Ratio)

Years	Trust for Financial Investments Co	The tourist city in Habbaniyah	Baghdad Bank	Asia Insurance Company	Sheraton hotel	Soft drink company.	Abu Ghraib
2018	0.26	0.03	0.70	0.31	4.35	0.77	0.39
2019	0.23	0.18	0.72	0.18	0.08	0.52	0.10
2020		0.23	0.21	0.15		0.64	0.08
2021			0.49	0.15		0.39	0.08
Arithmetic mean	0.25	0.15	0.53	0.20	2.21	0.58	0.16
standard deviation	0.02	0.11	0.24	0.07	3.02	0.17	0.15

Discussion: Through the table (4) above, it is clear that the rate of return on share was the highest in the sample of the hotel and tourism sector (Sheraton Hotel), where the arithmetic mean of the ratio was (2.21), while the arithmetic mean of this ratio was in the sample of the industrial companies sector (company). Soft drinks) (0.58) ranked second. As for the sample of the banking sector (Middle East Bank), the arithmetic mean of this ratio was (0.51), and thus it ranked third. As for the sample of the insurance companies sector (Asia Insurance Company), the arithmetic mean of this ratio was (0.20) and it ranked fourth, and the sample of the agricultural companies sector (Abu Ghraib for Agricultural Production) ranked fifth, where the arithmetic mean of the ratio was (0.16). The sample of the services sector (Al-Habbaniyah Tourism) ranked sixth, where the arithmetic mean of this ratio was (0.15), and the sample of the financial investment sector (Thiqa Company for Financial Investments) ranked seventh, where the arithmetic mean of the ratio was (0.25).

As for the risk, the Sheraton Hotel had the highest risk relative to the rest of the sectors, where it achieved a standard deviation (3.02), and the least risky sector was the financial investment sector, represented by Al-Thiqa Company for Financial Investments, with a standard deviation (0.24). For the company, as its good application leads to an increase in the profitability of the share and thus increase the demand of investors to buy the company's shares, which encourages investment attraction and improves the value of the company.

3.5. Ratio of working capital to shareholders' equity: The following table shows the position of companies (the research sample) on the ratio of working capital

Table (8) working capital/shareholders' equity ratio

Trust for Financial Investment	The tourist city in Habbaniya	Baghdad Bank	Asia Insurance	Sheraton hotel	Soft drink company.	Abu Ghraib

.s Co	h		Compan y			
100.60	13.43	64.54	95.95	63.63	8.99	34.64
101.00	30.20	58.08	97.47	61.61	86.66	60.50
101.00	35.15	42.02	98.48	25.35	71.41	58.78
101.00	25.96	50.50	100.50	6.57	70.90	74.44
100.90	26.18	53.78	98.10	39.29	59.49	57.09
0.29	9.29	9.72	1.91	28.02	34.45	16.53

Discussion: It is clear from the above table (5) that the ratio of working capital to shareholders' equity was in the sample of the financial investment sector (the Trust for Financial Investments Company) in the first place, where the arithmetic mean of this ratio was (100.90), while this ratio was in the sample of the insurance companies sector (Asia Insurance Company) amounted to (98.10), which occupied the second suspicious, while the sample of the industrial companies sector occupied the third place, where the arithmetic mean of this ratio was (59.48), and the sample of the corporate sector (Abu Ghraib for agricultural production) ranked fourth, where it reached The arithmetic mean of this ratio is 57.09. As for the sample of the banking sector (Bank of Baghdad), it ranked fifth, where the arithmetic mean of this ratio was (53.78), and the sample of the hotel and tourism sector (Sheraton Hotel) ranked sixth with an arithmetic mean of (39.29), and the sample of the service sector (Habbaniyah Tourism) was It ranked seventh, as the arithmetic mean of this ratio was (26.18).

The Soft Drinks Company had the highest risk relative to the rest of the companies in the other sectors, with a standard deviation of (34.45), while Al-Thiqa Company for Financial Investments was the least risky, with a standard deviation of (0.29). The increase in this percentage increases investors' confidence in the company's ability to increase its obligations, and that its relationship with the application of corporate governance was a positive relationship, as the application of corporate governance helped to increase this confidence and increase investors in the shares of these companies.

4. Conclusions and recommendations

4.1. Conclusions:

The researcher reached the following conclusions:-

4.1.1. The elements that contributed to the spread of corporate governance are that it protects the rights of stakeholders, so correct and accurate reports are prepared. Controls and rules that enhance the ethical side have been activated.

4.1.2. It needs access to the best application of corporate governance and work to activate its internal and external activities and harmony among them.

4.1.3. Defective independence in the executive management's work and decisions as a result of the overlap between the supervision and direction of the Board of Directors, and the responsibilities, powers and other tasks

4.1.4. Despite the importance of progress reports, most companies do progress reports.

4.1.5. Governance ensures integrity for all employees of the company, and the application of corporate governance helps in managing profits through oversight and defining the duties and responsibilities of the board of directors.

4.1.6. The success of the implementation of corporate governance depends on measuring variables that may depend on the characteristics of governance or its mechanisms, and that the real performance of the company comes from identifying risks, the degree of liquidity, and access to correct and honest financial reports. Also, evaluating the process of applying corporate governance and trying to measure its variables to see their impact optional helps in that as well.

4.1.7. The failure to issue a guide to corporate governance so far has resulted in a low level of corporate governance application in the Iraqi stock market, as well as weak laws related to defining corporate governance principles and mechanisms for their implementation in the following areas:

a . Not obligating companies' boards of directors to form a committee for nominations for governance

B . Lack of focus on compensation of executives, which is in the form of shares

c. The laws did not address texts referring to the protection of the rights of minority shareholders in companies

D. The process of separating the supervisory task from the management task within the structure of the board of directors

4.2. Recommendations: The researcher recommends the following:

4.2.1. Statement of the impact of auditors' reports, disclosure and transparency in reducing credit risk and liquidity risk

4.2.2. Show evidence of the application of corporate governance in Iraq for securities to reduce the impact on the accounts and their appearance inaccurately in the financial reports.

4.2.3. Companies use social networking sites to broadcast reports and information so that users can access information at any time and at less cost.

4.2.4. Requiring Iraqi companies to show the true financial situation by applying principles and applying penalties if the ethical standard is breached.

4.2.5. Follow a policy of accurate disclosure of accounting information, which creates trust between employees and shareholders.

4.2.6. Adopting an ownership-centric approach whereby large shareholders are persuaded to make long-term investments.

4.2.7. Commitment to and development of local accounting and auditing standards in order to develop financial reports to produce high quality accounting information.

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