THE USA JOURNALS
THE AMERICAN JOURNAL OF MANAGEMENT AND ECONOMICS INNOVATIONS (ISSN- 2693-0811)
VOLUME 06 ISSUE04

PUBLISHED DATE: - 22-04-2024
DOI: - https://doi.org/10.37547/tajmei/Volume06Issue04-05
PAGE NO.: - 47-65

RESEARCH ARTICLE
Open Access

THE IMPACT OF INTERNAL CORPORATE GOVERNANCE MECHANISMS ON RELEVANCE OF THE VALUE OF ACCOUNTING INFORMATION FOR IRAQI BANKS LISTED ON THE IRAQI STOCK EXCHANGE

Ali Lateef Ayyed
Al-Muthanna University, College of Administration and Economics, Department of Business Administration, Iraq

Abstract
The research aims to study the impact of the internal mechanisms of corporate governance on the appropriateness of the value of accounting information. To achieve the research goal, the price model was used to measure the appropriateness of accounting information's value. The research community was also represented by commercial banks listed on the Iraqi Stock Exchange, while the research sample was represented by (10) Commercial banks listed on the Iraq Stock Exchange. The study concluded that there is a statistically significant effect of the independent variable, the number of board of directors meetings, on the appropriateness of the value of accounting information in commercial banks. The number of independent members also has a statistically significant impact on the appropriateness of the value of accounting information.

Keywords Internal governance mechanisms, number of independent members of the Board of Directors, appropriateness of the value of accounting information, number of Board of Directors meetings, price model.

INTRODUCTION

Increased interest in the concept of governance came after a series of financial crises struck the global economy. These crises led to changing the world's view of governance systems from a narrow view that relies on the traditional concept to a broader view that relies on a renewed system with mechanisms and practices based on accountability and responsibility, as it provides. These mechanisms provide a sound basis for supporting reform plans and improving the detectability and appropriateness of the value of accounting information contained in financial reports and statements.

The first topic

METHODOLOGY

1- Problem of the Study

With the increasing need of interested parties for information related to aspects (economic, social, and meet, companies sought to apply governance mechanisms to monitor and evaluate the performance of companies and ensure the preparation of financial reports that reflect the economic reality of the company, as well as producing accounting information of appropriate value, and through... From the above, the research problem can be explained by the following question.

Is there an impact of internal governance mechanisms on the appropriateness of the value of accounting information?

2- The importance of the Study

The importance of the research came from the role played by the internal mechanisms of governance, as they are among the pillars of evaluating companies and the impact that this has on the quality of the financial statements by containing information that is appropriate for the parties related to the economic unit, as the research seeks to contribute to enriching the scientific and applied aspect by clarifying Corporate governance mechanisms in supporting value fit for companies.

3- Objectives of the Study

The research seeks to measure governance mechanisms and demonstrate their impact on value fit. The research objectives can be summarized in the following main points:

1- Explaining the level of disparity in the application of governance mechanisms among the banks in the research sample.

2- The suitability level of accounting information's value among the banks in the research sample.

3- Testing the impact of governance mechanisms on the appropriateness of the value of accounting information.

4- Hypotheses of the Study

To achieve the research objectives, the following central hypothesis will be tested:

(Internal governance mechanisms have a statistically significant effect on the relevance of the value of accounting information.)

The following hypotheses stem from it.

1- There is a statistically significant effect of the number of board of directors meetings on the relevance of the value of accounting information

2- There is a statistically significant effect of the number of independent board members on the appropriateness of the value of accounting information.

Theoretical foundation of the research

First: Corporate Governance:

1-The concept of corporate governance

The concept of corporate governance has emerged and developed since the last century and has been influenced by economic environments based on family property, banking capital, institutional investors, or anonymous companies and environments stimulated by the corporate scandals that occurred at that time (Balc et al., 2013, p. 14).

Perhaps the most recent corruption case arising from the conspiracy of major international accounting and auditing companies, which was behind the collapse of many companies in the United States of America between the end of 2001 and the first half of 2002, such as the energy company Enron, WorldCom Communications Company, and Xerox, which specializes in copying machines, was represented by the authentication of... The auditors working at Arther Anderson received financial statements that needed to reflect the truth of what was going on in those companies. The disaster of Enron and other companies affected not only the companies themselves, other companies, and the general economies of their countries but also raised doubts about the credibility of accounting and auditing companies. The qualifications of its members, the adequacy of professional standards (accounting and auditing), and the commitment level to apply them (Al-Mashhadani, 2019, p. 4).

In general, the main, but not the only, drivers associated with the increasing demand for governance development were: (CIMA, 2010, 425).

- Increased internationalization and globalization mean that investors, especially institutional investors, have begun to invest outside their home countries. For international stock trading to succeed, investors need confidence in management and reporting standards in all countries.

- Issues related to preparing financial reports.

An increasing number of high-profile corporate scandals and collapses prompted the development of governance codes in the early 1990s.

These motives emerged urgently as a response to failures and frauds. Governments and various competent bodies expressed their concern and began making changes, tightening corporate governance laws and introducing penalties aimed at identifying companies that adopted ethical and transparent policies. These concerns and changes were translated into corporate governance codes (Matei & Drumasu, 2015, p. 496).

Researchers and writers have discussed different definitions of corporate governance, with Solomon et al. defining it as "a set of structures, processes, and cultures that aim for the successful operation of organizations" (2000, 461).

The Organization for Economic Cooperation and Development states that corporate governance is a set of rational and organized rules that help protect the rights of shareholders and ensure fair treatment for them (Haque et al., 2008, p. 268), as defined by (Salami et al., 2014, p. 252) as conducting operations Commercial business with integrity and transparency, disclosure of all necessary decisions by regulations, and a sense of responsibility, primarily responsibility towards shareholders.

2-The importance of corporate governance:

The importance of governance has increased due to the trend of many countries in the world to shift to capitalist economic systems in which they depend primarily on private companies to achieve high and continuous economic growth rates. The expansion of the size of these projects has led to the separation of ownership from management as the world has begun to consider the role of corporate governance in developing small and medium enterprises. These are the main drivers of economic growth and job creation in emerging and developing regions (Almashhadani & Almashhadani, 2022, p. 53). The importance of corporate governance can be explained in several points, the most important of which are:

1—Good corporate governance alleviates agency problems, especially conflicts between controlling shareholders and minority shareholders. Governance reduces the difference in opinion between stakeholders, shareholders, and executives, which contributes to improving the company's performance (Ali et al., 2022, p. 8).

2- From a financial and accounting perspective, the importance of governance appears in detecting corruption, deviations, and errors, managing risks to limit or reduce them, emphasizing disclosure and transparency in financial reports and accounting information, whether economic or non-financial, and providing appropriate financial information for decision-making. It also maximizes the institution's value and ensures Its survival and protection from stumbling and financial failure (Ahmed, 2018, p. 17).

3—Achieving integrity, impartiality, and uprightness for all company employees, starting from the Board of Directors and executive directors up to the lowest level of its employees. In addition, avoiding the presence of intentional errors or intentional or unintentional deviation and preventing its continuation or working to reduce it to the minimum possible extent by using control systems. Advanced (Aslan, 2015, 28).

3- Corporate governance objectives:

The role of corporate governance in achieving economic development and reducing the possibility of financial crises has been emphasized by emphasizing several performance standards in a way that ensures the strengthening of economic foundations and controls in the markets and reducing cases of corruption, manipulation, mismanagement, and bribery in a way that leads to gaining the confidence of workers in the company. These markets strengthen their stability and reduce fluctuations in them (Al-Hiyari, 2017, p. 15).

Governance provides a disciplined structure through which goals and means of achieving them are determined, as well as monitoring the performance of those goals. The goals of corporate governance can also be limited to the following points (Abdul, 2022, p. 170):

1- Separation of ownership, management, and performance oversight.

2- Improving the economic efficiency of companies.

3- Creating the structure through which the company's goals are determined and the means for achieving those goals and following up on the goals.

4- Internal governance mechanisms:

Internal corporate governance mechanisms represent the unit's activities and events, which help in taking the necessary measures to achieve the unit's objectives and can be classified into the following:

A- Board of Directors: The facility's board of directors is vital in setting its strategic objectives and approving general strategies and policies that direct its workflow. The governance rules have focused heavily on several aspects related to the board's formation, how it manages the facility, and how it maximizes the wealth of its shareholders and board directors. The company's management is the one who takes charge of its affairs based on a mandate from the General Assembly. Therefore, the final responsibility for the facility remains with the council, even if it forms committees or delegates individuals to carry out some of its work, as it supervises and follows up with the senior management and CEO of the facility (Hassan, 2022, p. 205).

The board of directors also plays a vital role in integrating corporate sustainability into corporate governance, in addition to the fact that board diversity is positively related to social and environmental impact, reporting, and performance, as gender diversity and experience, in particular, be related to these topics (Ludwig & Sassen, 2022, p. 8).

Some studies indicate that board diversity and a committee specializing in corporate social responsibility have a positive and direct impact on corporate decisions as they work to improve the credibility of corporate social responsibility information (García et al., 2022, p. 15).

Size of the board of directors: The size of the board of directors is one of the essential characteristics that studies use to measure the board's effectiveness as a corporate governance mechanism. There is also an unstable debate about the effect of board size. Some studies indicate that the size of the board of directors in financial institutions has a positive effect, and this contradicts Studies with non-financial institutions; larger boards may not act in the interest of shareholders (Iqbal, 2018, p. 14).

Responsibility of the Board of Directors: The members of the Board of Directors are rights holders. From a legal perspective, the board of directors' tasks will be to carry out legally assigned responsibilities, and board members will be elected, in most cases, by the shareholders (Huse, 2008, p. 59).

The CEO, who also serves as Chairman of the Board of Directors, plays a crucial role in corporate governance. The primary objective of corporate governance is to ensure that executives uphold the rights and interests of the company's stakeholders. Additionally, it is the CEO's responsibility to ensure that stakeholders act responsibly in generating, protecting, and distributing the wealth invested in the company (Aguilera et al., 2015, 485).

- Audit Committee: The Securities Committee believes that the Board of Directors, as the most significant body within the company, is the best option for appointing qualified financial experts to the Audit Committee. The Securities Committee recommends that the Board of Directors evaluate individuals based on their accounting and financial experience and the length of time, as it should. The committee ensures that it performs its duties and fulfills its legal obligations as it works to establish independent information mechanisms because one of the mistakes committed by the audit committees at Enron and WorldCom is excessive reliance on the accuracy and completeness of the information provided by management and independent auditors. Therefore, a culture of intolerance for fraud must be created, and there must be an emphasis on the possibility of access to the audit committee to report fraudulent behavior directly (Lipman & Lipman, 2006, p. 142).

Ownership concentration, a key aspect of corporate governance, refers to the percentage of ownership held by major investors exceeding 5%. In cases of concentrated ownership, a limited number of shareholders hold a significant percentage of ownership, granting them the right to participate in the company's management and direct its financial and operational policies. These shareholders effectively control the company, forming what is known as the internal control system (Abbas and Al-Shajiri, 2022, 209).

T - Administrative ownership: Administrative ownership is an essential tool for aligning the interests of managers with shareholders' interests. Administrative ownership arises when management owns part of the company's shares or when shareholders within the company hold executive positions. Some opinions indicate that maximizing administrative ownership within the framework of agency theory leads to a greater alignment of interests between management and external shareholders, which reduces the possibility of exaggerating profits due to the long-term future thinking of shareholder managers, which reflects positively on the market value of the company (Abbas et al., 2022, p. 121).

D - Executive Director Compensation: It is considered a complex method because it integrates the interests of managers and owners and unifies them through salaries, bonuses, compensation, and long-term incentives. These compensations are usually determined for the CEO as he is the link in the company between the Board of Directors and the owners because the decisions of the Executive Director often affect the financial results of the organization in the long term, which makes it challenging to evaluate the effects of current decisions on the organization'sorganization's performance. Here, managers ' wages will be linked to the results that can be measured for their performance, which is the organization's financial performance (Al-Salhi, 2018, p. 26).

Second: The concept of appropriateness of the value of accounting information:

The concept of relevance indicates a logical link between information and decision, where the information can make a difference in the user's decisions. Also, the most critical challenge facing the accounting profession is the lack of transparency in the process of providing accounting information to users, which causes a lack of opportunities for investors to track the management and financial resources of the company (Alobaidi & Salman, 2020, p. 170), so the International Accounting Standards Board (IASB) International Financial Reporting Standards (IFRS) are constantly being improved to ensure that data accurately reflects the most complex financial conditions and performance of companies (Tungsriwong, 2022, p. 183).

The financial reports companies publish provide important information to investors as they help them determine their positions and make their decisions more accurately and appropriately to the current situation. This information should be highly quality to avoid investors making sub-optimal investment decisions. Investors also interact with this accounting information Published in financial reports because the explanatory power helps them understand illogical events, so the information must be accurate and fully express what is happening. The information is considered appropriate if it can make an apparent change in the investor'sinvestor's decision (Omokhudu & Ibadan, 2015, p. 22).

This means that accounting information provides potentially relevant insights into the company'scompany's future, so it must be appropriate so that the company'scompany's management and the Board of Directors can rely on it. Information is appropriate or closely related to the purpose for which it is prepared if it helps the primary external beneficiaries evaluate alternatives (Barth et al., 2022, p. 32). Relevance is defined as a measure of the quality of information evidence. That is the extent of its suitability and reliability in supporting the conclusions on which the auditor's opinion is based. The credibility of the evidence is affected by its source and nature and depends on the individual circumstances under which it is obtained (Gospel et al., 2019, p. 37)

In the following, the usefulness of accounting information is the basic idea of value relevance. It also carries at least three dimensions: the impact on goals, called relevance to goals; the impact on understanding, called semantic relevance; and the impact on decision-making, called Decision Relevance (Navdal). , 2010, 3

Value relevance was defined as the ability of financial statement information to capture and summarize the information that determines the company'scompany's value (Beisland, 2009, p. 9). Odoemelam et al., 2019, 4 defined it as the correlation between the content of accounting information and stock prices.

It is the relevant information with which the market interacts significantly and can affect decision-making by investors because the company's performance can be represented by the extent of disclosure of the company's central management information. This information also helps improve the company's value because it is considered a form of support. Company performance (Darmawati & Triyanto, 2022, 2).

Tungsriwong (2022, 184) defined value relevance is the informational value of financial statements, as the accounting information in the financial statement is considered valuable when it plays a vital role in decision-making.

It has also been defined as the ability of accounting information to evaluate the efficiency and effectiveness of economic and financial resources, as accounting information enables the fight against corruption, which represents a general problem in economies, as the suitability of information is an essential source for decision-making and the purposes of transparency and accountability (Salato et al., 2022, p. 5).

-The importance of the appropriate value of accounting information:

The importance of appropriateness of the value of accounting information can be explained through several points, the most important of which are the following:

1- Improving the quality of accounting information leads to narrowing the information gap between investors, and transparency in preparing reports helps reduce the cost of processing information (Abdul-Baki, 2014, p. 83).

2—The adoption of international financial reporting standards significantly impacts the importance of accounting information, as it leads to high consistency between accounting information, which in turn helps to create a more transparent and appropriate environment for individuals (Bolibok, 2014, p. 34).

3—Adopting International Financial Reporting Standards can enhance analysts' ability to predict profits by reducing variation in measurements of accounting items across companies, providing financial markets with in-depth information regarding the company's financial position and results of operations, and increasing the possibility of comparing companies from different countries (Alhawatmeh, 2020, p. 608).

4- Adopting International Financial Reporting Standards improves compliance with the OECD corporate governance principle of high-quality disclosure and transparency (Müller, 2014, p. 976).

5—Voluntary disclosure of appropriate information may help companies obtain a lower cost of capital. This is seen as important because investors or stakeholders who have an interest in a company's sustainability perceive that information disclosure can help mitigate the level of information asymmetry between the company and its stakeholders (Usman et al., 2022, p. 187).

3- Objectives of the appropriateness of the value of accounting information:

The most important objectives of the appropriateness of the value of accounting information can be stated through the following points:

1- Summarizing the company's value or reflecting information that affects stock market metrics, stock returns, and stock turnover, or in other words, measuring the importance of the relationship between the market value and the company's accounting numbers (Alashi, 2017, p. 2)

2- Choosing an appropriate basis of information that is compatible with international reporting standards in terms of the quality and nature of the information disclosed, as it can represent a basis for measuring the financial position and financial performance because suitability and honest representation are among the essential characteristics of accounting information (Jabbar & Mashjil, 2021, p. 314).

3-Changing the decisions of users and users of accounting information by changing or confirming their expectations so that this information has a predictive value that users benefit from to visualize their expectations for the future (Kaaya, 2015, p. 39).

4- Providing stakeholders with appropriate and documented information so that this information is related to how the organization's activities affect them in performing a constructive role in the organization's life. This goal emerges from the theory of stakeholders and value fit (Putri & Panggabean, 2020, p. 175).

Third: The internal mechanisms of governance and the appropriateness of the value of information are a theoretical approach.

Preparing financial reports is an integral part of the corporate governance mechanism, as the responsibility for preparing appropriate and timely financial reports falls on the company's senior administrative body. Moreover, the main goal of the financial reporting activity is to provide high-quality information. It was also noted that corporate governance mechanisms Companies, such as the size of the company and the size of the board of directors, have a substantial impact on the timeliness of financial reports. The diversity of board membership requires the disclosure of more financial information, which will achieve the maximum benefit for the company and attract the interest of more investors (Uwalomwa et al., 2018, p. 14).

Where (Dang et al., 2020, p. 78) stated that companies that want to attract the attention of investors must provide more quality information, which helps investors and analysts to be more informed in making decisions, so the state needs to develop management mechanisms and put pressure on... For companies to provide, display, and publish information on financial statements with high credibility, operations must be carefully monitored, penalties must be imposed on companies that violate them, and investors' rights must be protected.

According to stakeholder theory, larger boards protect the interests of various stakeholders by incentivizing broad and complete disclosure of information. Having a more significant number of board members leads to greater diversity in terms of expertise and experience. This aspect may influence directors' voluntary disclosure decisions and, as a direct consequence, may increase the level of disclosure of appropriate information. with a giant board of directors, the effectiveness and efficiency of its functions increase. As a result, there is an improvement in the level of corporate transparency, so it is confirmed that the size of the board is positively related to the quality of integrated reports (Songini et al., 2022, p. 591).

The size of the board of directors also affects management in two aspects, the first of which is its capabilities and educational and professional qualifications, and the second through the efficiency, effectiveness, and quality of its decisions. Larger boards of directors can include experienced and skilled members. However, when the board includes experienced members, there is always a level of confidence in the reported financial and accounting data. The board of directors' experience will increase confidence in the financial and accounting reports, as it will enhance their experience. Their qualifications include the suitability and quality of the data and disclosed information (Qawqzeh et al., 2021, p. 180). Board meetings and the independence of the Board of Directors also have an impact on the appropriateness of the value of accounting information, as independent members of the Board of Directors can better supervise and control management activities and make critical decisions such as restructuring the company or dismissing Board members, and subsequently work indirectly to maximize shareholders' benefits. The results of the study (Phuong & Hung, 2020, p. 301) showed that the independent board of directors has a positive impact on the quality and suitability of financial reports, meaning that the greater the independence of the board, the higher the quality rate of reports, consistent with established expectations.

However, some studies have indicated a negative correlation between the independence of the Board of Directors and the quality of reports, as independent directors are sufficient mechanisms for control. However, their influence on the Board of Directors may not have any effect on the adequacy of the information, which means, in other words, that the presence of more independent directors does not guarantee the accuracy of reports. Finance and they argued that independent directors do not have sufficient power to fully control (Uwalomwa et al., 2018, p. 14).

The Practical Side

This aspect was devoted to describing the research sample and applying the price model to measure the suitability of the value of accounting information in commercial banks to the research sample by relying on the steps followed in the (P) model. In addition to measuring the independent variable, the internal mechanisms of governance are represented by the number of board meetings and independent members, in the Council.

First: Description of the research sample

The research sample represented banks listed on the Iraq Stock Exchange. The number of banks listed on the market reached 42, from which a sample of 10 banks was selected, as in the table below.

Table No. (1): The research sample

Current Bank Capital	The Bank's Capital Upon Incorporation	Year Founded	Code	Bank Name	N.
300000000000	1000000000	1994	BUND	United Investment Bank	1
250000000000	150000000	1992	BCOI	Commercial Bank	2
25000000000	100000000	1993	BIBI	Investment	3

0				Bank	
250000000000	400000000	1995	BNOI	Al-Ahli Bank	4
250000000000	200000000	1998	BROI	Credit bank	5
300000000000	600000000	1999	BGUC	Gulf Commercial Bank	6
250000000000	400000000	1993	BIME	Middle East Bank	7
252000000000	1000000000	2001	BMFI	Mosul Bank	8
250000000000	100000000	1992	BBOB	Bank of Baghdad	9

10 Sumer Bank BSUC 1999 400000000 250000000000

Source: Prepared by the researchers

Second: Testing the research hypotheses

1- Testing the first sub-hypothesis

In this part of the research, the hypothesis testing will be examined, and the following regression model will be used to test the first sub-hypothesis, which states (there is a statistically significant effect of the number of board of directors meetings on the relevance of the value of accounting information). The price (P) model is used according to the following equations.

✔ Price Model (P)

$$P_{it}=\alpha_0+\beta_1 EPS_{it}+\beta_2 BVPS_{it}+\beta_3 BC+\beta_4 BC*EPS+\beta_5 BC*BVPS_{it}+\beta_6 SIZE_{it}+\varepsilon_{it}$$

P: share price
EPS: Earnings per share
BVPS: Market value per share
BC: Number of board of directors meetings in Iraqi banks
BC*EPS: Number of Board of Directors meetings *Earnings per share
BC*BVPS: Number of Board of Directors meetings *Market value of the share
SIZE: The size of the bank

Testing the multicollinearity problem

Table (2) shows that all values of the variance inflation factor (VIF) for all independent variables are less than 5, indicating no multicollinearity problem in the model testing the first hypothesis.

Table 2: Variance inflation factor (VIF) values for the returned model (p)

VIF	المتغير
2.252	EPS
2.381	BVPS
3.041	BC
2.131	BC∗EPS
2.387	BC∗BVPS
2.326	SIZE

Correlation coefficients for the variables of the third hypothesis testing model using the Olsen model

Unlike regression testing, which measures the effects of variables as a whole, the correlation coefficient measures the association between a variable in binary form. Thus, the lower the correlation between the two variables than usual, the better the research results, as in the table below.

It is noted from the table below that the binary correlation coefficients between the independent, dependent, and control variables are weak. This is a valuable characteristic that indicates that the variables measure different dimensions.

Table 3: Correlation coefficients for the variables of the third hypothesis testing model

Correlation Probability	P	EPS	BVPS	BC	SIZE
P	1.000000 -----				
EPS	0.707161 0.0000	1.000000 -----			
BVPS	0.664278 0.0000	0.599252 0.0000	1.000000 -----		
BC	0.774749	0.423996	0.395663	1.000000	

	0.0000	0.0000	0.0003	-----	
SIZE	0.301595	0.390808	0.483471	0.264637	1.000000
	0.0256	0.0001	0.0004	0.001	-----

Based on the above, the results of testing the third hypothesis model are presented in Table (4).

Table 4: Results of testing the first sub-hypothesis

Prob.	t-Statistic	Coefficient	Variable	
0.0004	1.635	1.134	Fixed part	C
0.0000	3.345	1.236	Earnings per share	EPS
0.006	2.971534	0.918	Market value of a share	BVPS
0.0000	3.0065	1.103	Board of Directors meetings	BC
0.0007	2.63	1.854	Board of Directors meetings ∗ Earnings per share	BC∗EPS
0.0003	1.924	0.413	Board of Directors meetings ∗ Market value of a share	BC∗BVPS
0.0050	2.471	1.05	Bank size	SIZE
		127.22	F-statistic	
		0.000	Prob(F-statistic)	
		0.89	Adjusted R-squared	

It is clear from the table above that the test model is valid, as the value of the F-statistic was (127.22) and that the statistical significance of the value of ((Prob) reached (0.000), which is less than 1%, which indicates the significance of the test model as a whole. It is also evident from the table that the statistical significance of the value of (((Prob for the variable Board of Directors meetings * Earnings per share

(BC*EPS) amounted to (0.0007), which means that there is a statistically significant effect of earnings per share in light of Board of Directors meetings on the appropriateness of the value of accounting information in Iraqi banks, as the value of the regression coefficient was (Coefficient)) 1.854) meaning that the relationship is direct, and therefore the commitment of banks to hold meetings of their boards of directors in an organized manner will lead to an increase in the suitability of the value of accounting information in Iraqi banks, and the independent variable Board of Directors meetings * market value of BC shares * BVPS amounted to (0.0003), which means that There is a statistically significant effect on the market value of the stock in light of the Board of Directors meetings in Iraqi banks, as the value of the regression coefficient (Coefficient) was (0.413), meaning that the relationship is direct, and therefore the commitment to holding periodic and organized meetings of the Board of Directors would contribute to increasing the relevance of information in Iraqi banks.

1- Testing the second sub-hypothesis

In this part of the research, the hypothesis testing will be examined, and the following regression model will be used to test the second sub-hypothesis, which states (There is a statistically significant effect of the number of independent members of the Board of Directors on the relevance of the value of accounting information). The price (P) model is used according to the following equations.

✔ Price Model (P)

$$P_{it}=\alpha_0+\beta_1 EPS_{it}+\beta_2 BVPS_{it}+\beta_3 D.P+\beta_4 D.P*EPS+\beta_5 BS*BVPS_{it}+\beta_6 SIZE_{it}+\varepsilon_{it}$$

P: share price
EPS: Earnings per share
BVPS: Market value per share
BS: Number of independent members of the Board of Directors
BS*EPS: Number of independent members of the Board of Directors *Earnings per share
BS*BVPS: Number of independent members of the Board of Directors *Market value of the share
SIZE: The size of the bank

Table (5) shows that all values of the variance inflation factor (VIF) for all independent variables are less than 5, indicating no multicollinearity problem in the hypothesis testing model.

To test the problem of collinearity in the third hypothesis testing model

Table 5: Variance inflation factor (VIF) values

VIF	**Variable**
2.252	EPS
2.381	BVPS
1.212	BS

1.152	BS ∗EPS
1.160	BS ∗BVPS
2.354	SIZE

Correlation coefficients for the variables of the third hypothesis testing model

Unlike regression testing, which measures the effects of variables as a whole, the correlation coefficient measures the association between two variables in a binary manner. Thus, the lower the correlation between the two variables than usual, the better the research results as in the table below.

Table 6: Correlation coefficients for the variables of the third hypothesis testing model

Correlation Probability	P	EPS	BVPS	BS	SIZE
P	1.000000 -----				
EPS	0.6607 0.0000	1.000000 -----			
BVPS	0.76128 0.0000	0.201 0.0000	1.000000 -----		
BS	0.8432 0.0000	0.3498 0.0000	0.4391 0.000	1.000000 -----	
SIZE	0.4378 0.0046	0.4387 0.000	0.2387 0.000	0.1265 0.000	1.000000 -----

The table above notesTable the binary correlation coefficients between the independent, dependent, and control variables are weak. This is a valuable characteristic that indicates that the variables measure different dimensions.

Based on the above, the results of testing the third hypothesis model are presented in Table (7).

Table 7: Results of testing the third hypothesis

Prob.	t-Statistic	Coefficient	Variable	
0.000	4.307	1.297	Fixed part	C
0.009	1.938	0.081	Earnings per share	EPS
0.000	2.395	0.485	Market value of a share	BVPS
0.008	1.624	0.504	Number of independent members of the Board of Directors	BS
0.001	3.684	0.785	Number of independent members of the Board of Directors ∗ Earnings per share	BS ∗EPS
0.015	4.3453	0.985	Number of independent members of the Board of Directors ∗ Market value of a share	BS ∗BVPS
0.003	1.247	0.286	Bank size	SIZE

16.478	F-statistic
0.000	Prob(F-statistic)
0.797	Adjusted R-squared

It is clear from the table above that the test model is valid, as the value of the F-statistic was (16.478) and the statistical significance of the (Prob) value reached (0.000), which is less than 1%, which indicates the significance of the test model as a whole. It is also evident from the table that the statistical significance of the value ((0.001 Prob for the independent variable: Number of independent members of the Board of Directors * Earnings per share BS * EPS amounted to (0.01), which means that there is a statistically significant effect of earnings per share in light of the availability of independent members in the Board of Directors on the appropriateness of the value of accounting information in Iraqi banks, as it was The value of the regression coefficient (Coefficient) is (0.785), meaning that the relationship is direct, and therefore the commitment to having independent members on the bank's board of directors will lead to an increase in the suitability of information in Iraqi banks. Also, the independent variable, board of directors meetings*market value of BS*BVPS shares, amounted to (0.015). This means that there is a statistically significant impact of a change in market value in light of the availability of independent members on the Board of Directors on achieving returns in Iraqi banks, as the value of the regression coefficient (Coefficient) was (.985), meaning that the relationship is direct. Therefore, establishing the general assembly of banks by selecting independent members on the banks' boards of directors will lead to a decrease in the relevance of information in Iraqi banks.

CONCLUSIONS

1—The Iraqi banks sampled for the study have an acceptable number of independent board members, and in most cases, it is not less than a third.

2- There is a discrepancy in the number of meetings for members of the Board of Directors between the banks in the research sample, and they were within the acceptable level.

3- The relationship between the earnings per share and the market value of the share was an excellent direct relationship, which indicates that the share price is affected by the accounting information of these banks.

4- The relationship of the bank's market value to stock prices was also positive, which indicates that stock prices are affected by it and the reflection of this information on the stock price.

5- The relationship between internal mechanisms (the number of independent members and the number of council meetings) positively impacted the value of accounting information.

Recommendations

1—The Iraqi banks, the Central Bank, and the Iraqi Stock Exchange should work to increase the number of independent members on the banks' boards of directors because this is crucial for increasing oversight of banking activity.

2- The Central Bank and the Iraq Stock Exchange must determine the minimum periodic meetings of the Board of Directors, provided that they are not less than once a month, as this generally impacts following up on the bank's work.

3- Banks should participate in courses and workshops to raise awareness of their boards about the importance of applying governance mechanisms.

4- Banks must pay attention to the accuracy of financial information in financial reports, which impacts stock prices in the financial markets.

REFERENCES

1. Abbas, Zaid N. , Al-Mamouri, Jassim Idan Barak. And Al-Shammari, Nahla Abbas Talal. (2022). The effect of the relationship between managerial ownership, financial leverage, and company size on financial performance using Tobin's Q model. Tikrit Journal of Administrative and Economic Sciences, 18(59):116-135.
2. Abd, M. H. (2022). The reflection of corporate governance in achieving creditworthiness (an exploratory study). The Iraqi Journal of Economic Sciences, Issue (74): pp. 165–186.
3. Abdul-Baki, Z., Uthman, A. B., & Sanni, M. (2014). Financial ratios as performance measure: A comparison of IFRS and Nigerian GAAP. Accounting & Management Information Systems Contabilitate Si Informatics De Gustine, 13(1).
4. Aguilera, R. V., Desender, K., Bednar, M. K., & Lee, J. H. (2015). Connecting the dots: Bringing external corporate governance into the corporate governance puzzle. Academy of Management Annals, 9(1), 483-573.
5. Ahmed, S. I. (2018). The impact of corporate governance on marketing auditing (An analytical study of the opinions of a sample of managers working in the private commercial banking sector in Holy Karbala). Higher Diploma in Banking Management, College of Administration and Economics, University of Karbala.
6. AL- Obaidi, A. Q. H & Salman, A. M. (2020). The Importance of Studying and Diagnosing the Key Challenges Caused by an Ineffective Information System While Completing the Assigned Accounting Tasks by the National Accounting Staff. International Journal of Innovation, Creativity and Change, vol 13(9).
7. Alashi, M. M. (2017). RELEVANCE OF ACCOUNTING INFORMATION UNDER IFRS AT BORSA ISTANBUL (BIST). IUG Journal of Economics and Business Studies, 25(2).
8. Al-Hawatmeh, O. M. (2020). Earning management and international financial reporting standard (IFRS) implementation process: Empirical study. Journal of Social Sciences (COES&RJ-JSS), 9(2), 603-616.
9. Al-Hiyari, Omar Youssef Abdullah (2017). Applying corporate governance principles enhances the reliability of financial reports issued by joint-stock industrial companies listed on the Amman Financial Market. Master's thesis in Accounting, Department of Accounting and Finance, College of Business, Middle East University.
10. Ali, A., Alim, W., Ahmed, J., & Nisar, S. (2022). Yoke of corporate governance and firm performance: A study of listed firms in Pakistan. Indian Journal of Commerce and Management Studies, 13(1), 8-17.
11. Al-Mashhadani, Bushra Najm Abdullah. (2019). The importance of corporate governance in confronting financial and accounting corruption - an analytical study of the legal and supervisory framework that regulates the work of joint-stock companies in Iraq *. College of Administration and Economics, University of Baghdad.
12. Almashhadani, M., & Almashhadani, H. A. (2022). Corporate Governance as an Internal Control Mechanism and its Impact on Corporate Performance. International Journal of Business and Management Invention (IJBMI), 11(8), 53-59
13. Al-Salhi, Haider Sadiq R. (2018). Corporate governance mechanisms and their role in enhancing the reality of reporting on sustainable development in Iraq. Unpublished master's thesis in accounting sciences, College of Administration and

Economics, University of Kufa.

14. Al-Shajiri, Muhammad H., & Abbas Ali Abdel-Rida. (2022). The effect of ownership concentration and the characteristics of senior management on the quality of receivables of subsidiaries. An applied study in a sample of subsidiaries listed on the Iraq Stock Exchange. Journal of Economic and Administrative Studies. Issue (28).
15. Aslan, Hatem Riad Mustafa. (2015). The extent to which the application of governance principles contributes to enhancing fraud detection and manipulation of financial reports (an applied study on commercial banks in Palestine)—Master's thesis in Accounting and Finance, College of Commerce, Islamic University of Gaza.
16. Balc, L. B., Ilies, R., Cioban, B., & Cuza, B. (2013). Corporate governance. conceptual approaches. Managerial Challenges of the Contemporary Society. Proceedings, 5, 14.
17. Barth, M. E., Li, K., & McClure, C. (2022). Evolution in value relevance of accounting information. Graduate School of Business Stanford University.
18. Beisland, L. A. (2009). A review of the value relevance literature. The Open Business Journal, 2(1).
19. Bolibok, P. (2014). The impact of IFRS on the value relevance of accounting data of banks listed on the Warsaw Stock Exchange. Copernican Journal of Finance & Accounting, 3(1), 33-43.
20. CIMA. (2010). Certificate Paper C5 FUNDAMENTALS OF ETHICS, CORPORATE GOVERNANCE AND BUSINESS LAW, Third edition. BPP Learning Media Ltd. United Kingdom.
21. Darmawati, D., & Triyanto, T. (2022). The Role of Independent Commissioners and Audit Committee in Moderating the Influence of Related Party Transactions on Firm Value. In Proceedings of the First Lekantara Annual Conference on Public Administration, Literature, Social Sciences, Humanities, and Education, LePALISSHE 2021, August 3, 2021, Malang, Indonesia.
22. Garcia-Sánchez, I. M., Hussain, N., Khan, S. A., & Martínez-Ferrero, J. (2022). Assurance of corporate social responsibility reports: Examining the role of internal and external corporate governance mechanisms. Corporate Social Responsibility and Environmental Management, 29(1), 89-106.
23. Gospel, J., ORDU, P. A., BARIGBON, M., & NAMAPELE, A. (2019). Sufficiency and Appropriateness of Audit Evidence for Giving an Opinion on the True and Fair View of Financial Statements. International Journal of Innovative Development and Policy Studies, 7(3), 36-43.
24. Haque, F., Arun, T. G., & Kirkpatrick, C. (2008). Corporate governance and capital markets: A conceptual framework. Corporate Ownership and Control, 5(2), 264-276
25. Hassan, Wijdan Falih and Mahdi, Jinan. (2022). The role of governance mechanisms in banks to enhance information disclosure - exploratory research in a sample of Iraqi banks. Iraqi Journal of Administrative Sciences, Volume 18 (73).
26. Huse, M. (Ed.). (2008). The Value Creating Board: Corporate Governance and Organizational Behaviour. Routledge Studies in Corporate Governance. Taylor & Francis e-Library.
27. Iqbal, J. (2018). Essays on the Relationship between Corporate Governance Mechanisms and Risk-Taking by Financial Institutions. Doctoral thesis by publication, University of Vaasa.
28. Jabbar, Aqeel Kati & Mashjal, Hani Hameed. (2021). Evaluation of traded assets and its impact on suitability and faithful representation. Al-Kout Journal of Economic and Administrative Sciences, Volume 13, Issue 42: 308-328.
29. Jachi, M., & Yona, L. (2019). The impact of

independence of internal audit function on transparency and accountability case of Zimbabwe local authorities. Research Journal of Finance and Accounting, 10(5), 64-77

30. Kaaya, I. D. (2015). The International Financial Reporting Standards (IFRS) and value relevance: A review of empirical evidence. Journal of Finance and Accounting, 3(3), 37-46.

31. Lipman, F. D., & Lipman, L. K. (2006). Corporate governance best practices: Strategies for public, private, and not-for-profit organizations. John Wiley & Sons. Hoboken, New Jersey.

32. Ludwig, P., & Sassen, R. (2022). Which internal corporate governance mechanisms drive corporate sustainability?. Journal of Environmental Management, 301, 113780

33. Matei, A., & Drumasu, C. (2015). Corporate Governance and public sector entities. Procardia Economics and Finance, 26, 495-504.

34. Müller, V. O. (2014). The impact of IFRS adoption on the quality of consolidated financial reporting. Procedia-Social and Behavioral Sciences, 109, 976-982.

35. Navdal, R. (2010). " Value relevance of accounting information: emphasis on the financial crisis in 2008. (Master's thesis, Universitetet i Agder; University of Agder).

36. Odoemelam, N., Okafor, R. G., & Ofoegbu, N. G. (2019). Effect of international financial reporting standard (IFRS) adoption on earnings value relevance of quoted Nigerian firms. Cogent Business & Management, 6(1), 1643520

37. Omokhudu, O. O., & Ibadin, P. O. (2015). The value relevance of accounting information: Evidence from Nigeria. Accounting and Finance Research, 4(3), 1-20.

38. Phuong, N. T. T., & Hung, D. N. (2020). Board of directors and financial reporting quality in Vietnam listed companies. International Journal of Financial Research, 11(4), 296-305.

39. QAWQZEH, H. K., ENDUT, W. A., & RASHID, N. (2021). Board Components and Quality of Financial Reporting: Mediating Effect of Audit Quality. Journal of Contemporary Issues in Business and Government| Vol, 27(2), 179.

40. Salami, O. L., Johl, S. K., & Ibrahim, M. Y. (2014). Holistic approach to corporate governance: A conceptual framework. Global Business and Management Research, 6(3), 251

41. Salato, R. C. J., Gomes, P., & Ferreira, C. (2022). Transition to accrual accounting in the public sector of emerging economies. International Journal of Business Innovation, e27646-e27646.

42. Solomon, J. F., Solomon, A., Norton, S. D., & Joseph, N. L. (2000). A conceptual framework for corporate risk disclosure emerging from the agenda for corporate governance reform. The British Accounting Review, 32(4), 447-478.

43. Songini, L., Pistoni, A., Tettamanzi, P., Fratini, F., & Minutiello, V. (2022). Integrated reporting quality and BoD characteristics: an empirical analysis. Journal of Management and Governance, 26(2), 579-620.

44. Tungsriwong, S. (2022). Value Relevance of IFRS-based Accounting Information Adoption: Evidence from Listed Companies in Thailand. Journal of Business, Economics and Communications, vol17(1).

45. Usman, B., Afandy, C., & Kamaludin, K. (2022). The Value Relevance of Non-Financial Information to Firm Profitability: an Empirical Study on the Hypercompetitive Industry. JDM (Journal Dynamic Management), 13(2), 185-201.

46. Uwalomwa, U., Eluyela, F. D., Olubukola, R. U., Obarakpo, T., & Falola, I. (2018). Corporate governance and quality of financial statements: A study of listed Nigerian banks. Banks and Bank Systems,, 13(3), 12-23.