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The impact of good governance on integrated reporting in Iraqi banks

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ABSTRACT

In natural sciences, corporate governance is essential for research institutions, ensuring transparency, accountability, and ethical conduct in scientific endeavors. For instance, in environmental science, good governance practices can help in the conservation of natural resources and the protection of ecosystems. The study mentioned emphases on the correlation between good governance and the quality of integrated reports in Iraqi banks. This has implications for engineering and natural sciences as well. By emphasizing the importance of governance in financial institutions, the study highlights the significance of accountability, transparency, and ethical practices in all sectors. Moreover, the role of the board of directors in defining strategies and promoting best practices can be applied to various industries, including engineering projects and scientific research. Overall, the outcomes for this paper underscore the importance of good governance practices in fostering organizational success and promoting a holistic view of operations. By incorporating these principles into engineering and natural sciences, organizations can enhance their performance, credibility, and impact on society

Keywords: Good Governance, Integrated Reporting, Iraqi banks.

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1. Introduction

Iraqi financial institutions have paid a lot of attention to the idea of corporate governance. For this and other reasons, it is essential that the banking sector and the financial system as a whole remain stable. An increasingly common practice among today's economic actors is to take a more holistic view of both topics, integrating social, environmental, health, and economic factors; as a result, integrated reporting has risen to prominence as a means of disclosing information. In order to convey the short-, medium-, and long-term value creation processes, institutions utilise integrated reporting. Attracting the attention of many types of stakeholders who want to know why, where, and how companies produce and add value is essential for organizations now reporting to a wider audience of shareholders in integrated reports ([1, 2]). Conventional corporate financial reports have numerous flaws and restrictions, such as an overemphasis on financial data, an overly narrow focus, an absence of consistency, and an overly complicated structure, all of which make them inadequate to deal with the increasingly complex and dynamic external business environment [3, 4]. As a new method for corporate communications, integrated reporting has been getting a lot of attention lately as a way to get over these restrictions [5]. "Integrated reporting has rapidly emerged as a new accounting practice to help companies understand how value is created and effectively communicate this to external stakeholders" [6], one of many compulsory and optional approaches to corporate reporting. One of the major contemporary topics that has garnered a lot of attention across several domains in recent years is the environment. The requirement for environmental information has grown in recent years, making the integrated reporting approach all the more important for establishments to employ in the context of nations' attempts to protect the environment [7].

A new concept of reporting, integrated reporting, was needed because economic, environmental, and social variables are tightly tied to the reports given by economic units, and the market value of these units is attributed to tangible assets or intellectual capital [8]. Thus, for financial institutions to accomplish their objectives in an efficient and effective manner, the system of governance must oversee the institution's operations and ensure that it complies with all applicable laws, regulations, and local customs. This is especially important in times of environmental uncertainty because it boosts confidence in the institution, which in turn attracts investors and clients, which helps the organization achieve its goals and succeeds [9, 10]. Banks, as an integral part of the state's economic infrastructure, have a great deal of responsibility to their clients and must contend with the myriad threats posed by their operations in a dynamic, ever evolving, and fiercely competitive market. Thus, banks' responsibilities extend beyond conventional business operations; they are now actively involved in a wide range of social activities, with varying degrees of responsibility, and they are demonstrating a growing interest in finding solutions to societal problems.

Financial reporting is more closely defined by standards like the Global Reporting Initiative when it comes to structure and contents, but integrated reporting is more based on principles and is implemented at the discretion of company management in response to regulations and sustainability reports. This highlights the importance of governance in integrated reporting. Therefore, it has become more difficult to provide stakeholders with high-quality information due to the absence of a specific structure and disclosures in international relations reports compared to sustainability reports and financial reports. Because of this, the impact of corporate governance on the reliability of integrated reporting is a hot topic. Corporate governance differs from other types of voluntary disclosures in that it places an emphasis on the actions of corporations with regard to matters such as climate change, CSR, and the management of intellectual capital, as well as on the company's strategy, performance, and the various forms of capital that it uses to create value for its stakeholders in the long run. Since governance procedures are anticipated to play a crucial function in establishing integration amongst the many components that contribute to value creation, it is critical to comprehend how they support reporting on an organization's potential to create value. Therefore, in order for foreign relations to paint a complete picture of the organization's performance, support for corporate governance procedures is necessary.

Based on the philosophical presentation of the study problem, we derive the main question as follows:

How does good governance affect the quality of integrated reports in Iraqi banks?

The study main goal is to examine the relationship between good governance and the quality of integrated reports in Iraqi banks.

The remaining portion of the research is organized into five parts. The theoretical foundation and pertinent prior research will be discussed in the second section. Research hypotheses are addressed in Section 3. Section four will focus on the practical aspect's methodological approach. In Section 5, we will examine the outcomes of the study and test the hypothesis.

2. Reported studies and theoretical framework

2.1. Reported studies

The item is based on a number of prior studies, provided in chronological order from oldest to newest, that enhance the study's theoretical framework; these works include both Arab and foreign research. Prior research that significantly impacted the current study is as follows: Presenting a conceptual framework for governance and social responsibility and illustrating the association between governance mechanisms and social responsibility reports according to the main dimensions of societal responsibility, this study targets to demonstrate the role for corporate governance principles and mechanisms in activating social responsibility reports and increasing disclosure about them. The goal is to attain legitimacy, sustainability, and integrity of business [11]. The research hypothesis was tested by selecting a subset of Iraq Stock Exchange businesses and analyzing their data using two different approaches. In the first, we look at the study sample's yearly financial statements to see how much they disclose about their social responsibility efforts. In the second, we use SPSS statistical analysis to look at the data from the survey that the study sample community members filled out to see how much they know about the significance of good governance and how it can activate social responsibility reports. Among the many findings, the most crucial is that the board of administrators’ mechanism has a substantial impact on activating social responsibility in the Iraqi financial units that made up the study's sample.

Due to the absence of an independent law that backs governance and societal responsibility, the study sample companies do not disclose non-financial information to the same extent as they do comprehend and apply governance processes.

The expansion of people's, groups', and nations' financial capabilities is a direct result of the banking sector, which is a crucial part of every economy's framework [12]. Banks' financial reports include accounting activities, and studies on the topic have shown that creative accounting has a major impact on the reliability of such reports. While the topic of financial reporting quality continues to generate increased study interests, prior research has shown that creative accounting factors have modest effects on financial reporting quality. In the setting of commercial banks, this research sought to understand how CSR may improve the impact of creative accounting factors on financial reporting quality. The goals were achieved through the use of a survey questionnaire that drove the deductive study strategy. As a result, 364 workers from Iraqi commercial banks were surveyed using purposive sampling, yielding an 8.72% response rate. We used SPSS v.25 and AMOS v.24 to do the statistical analysis on the data. Findings demonstrate that CSR significantly moderates the association between creative accounting variables and banks' quality of financial reporting in respect to competitive advantages. An innovative method of CSR reporting, Integrated Reporting (IR) seeks to increase the degree of integration of CSR disclosures [13]. Research on the factors that influence the degree of integration of CSR disclosures is scarce, however, and studies that apply the IR methodology to more conventional CSR disclosures are even rarer. This study presents evidence on the levels of CSR disclosure integration from an IR viewpoint and explores their causes at the company level using a sample of listed Chinese companies. Board independence, gender diversity, meetings, and committees do not impact these integration levels, in contrast to CEO duality, board size, acceptance of the Global Reporting Initiative (GRI), and external assurances. The purpose of [14] is to investigate the relationship between corporate governance and the quality of integrated reporting. Corporate governance is comprised of internal governance factors like diversity, independence, and board size and external governance variables like audit quality and enforcement. To evaluate the efficacy of integrated reporting, this study builds an index using the comprehensive data required by the International Integrated Reporting Council (IIRC). The study uses multivariate analysis to examine the relationship between these governance factors and the quality of integrated reporting.

It uses a global sample that includes 160 reports that have been manually collected, as well as internal and external governance aspects. According to the data, organizations whose boards of directors are bigger, have more women on them, and are based in countries that mandate integrated reporting tend to have better integrated reporting overall. Accounting for various factors, such as fixed industry and year impacts, does not affect the validity of our conclusions. The cumulative effect of these findings is that elements of internal and external governance play significant roles in determining the level of quality in integrated reporting. These results fill a gap in the literature by investigating the effect of both internal and external corporate governance elements on integrated reporting quality; this has both theoretical and practical consequences. While many studies have focused on factors that may influence IR adoption, the topic of IR quality and the factors that determine it is far from settled, despite the fact that the amount of literature on the subject has grown in recent years. Size, industry, assurance, performance, national context, and, to a lesser degree, corporate domination and ownership structure are the primary factors that the literature identifies as determining the quality of IR. Nevertheless, prior research has frequently yielded contradictory findings, resulting in a lack of consensus. By measuring the extent to which IR material adheres to the guiding principles offered in the IR framework by IIRC, this research seeks to comprehend the effect of board of directors' features on IR quality. When evaluating a board, it is important to look at factors including size, composition, and gender, age, and education diversity. There were a total of 212 integrated reports covering the years 2013–2016, covering 53 different companies. A total of five research hypotheses were put forth. A higher degree of education among board members is positively correlated with IR quality, but the presence of women is negatively correlated, according to the study's findings. In addition, financial leverage (a negative association) and profitability (a positive relationship) are seen as important control variables. When it comes to improving IR quality, our research shows that diversity on boards is more important than gender diversity [15], and that the "quality" rather than the "quantity" of board members is more important.

2.2. Theoretical framework of the study

Scientific studies depend on theoretical foundations that derive their roots in the basic theories related to a particular study. In this context, we must identify the most important theories that will be employed in this study.

Many researchers, including Thomson, Bebbington, Nulla, believe that the lack of social and environmental information in accounting theory has affected the disclosure and reporting of social responsibility. This has increased the demands of international organizations and stakeholders to develop appropriate standards and measures for measuring social information [10].

2.2.1. Stakeholder theory

This theory's proponents recognise the firm for what it really is: a web of relationships, with complementary but competing goals, and cooperative interests that contribute to the organisation's success. Regardless of ownership or share size, all stakeholders are integral to this connection and have valid claims to it. So, governance systems try to satisfy their demands for social and financial information while also striking a balance between their interests [16]. Employees, shareholders, creditors, local communities, government institutions, political groups, unions, and the environment are some of the parties that have an impact on the production process and their level of performance. Edward Freeman confirmed that stakeholder theory is an organisational theory that organises administrative strategy according to the context of stakeholder management and integrates ethical values within the company's strategic goals. This has created a new area for modern business ethics [17].

There are two categories of stakeholders: those with an obvious contractual relationship with the institution (shareholders, banks, employees, consumers, and suppliers) and those with a more informal, non-legal relationship (e.g., local governments and NGOs). At the macro level of sustainable development, stakeholder theory is unable to apply its goal of integrating the institution's economic and social objectives. Looking at things from this angle, a new theory called "Corporate Social Responsibility" came up. It considers the fundamental goods that keep human societies going and productive, like waste management, etc., basically making sure that human societies have the right conditions to live in while also considering the role that corporations play in producing and preserving global common resources, like environmental protection and job creation.

2.2.2. Legitimacy theory

The idea of legitimacy theory revolves around the existence of a social contract between the company and the society in which it operates. Under this contract, the company relies on the concept of accountability in its strategic management and operates within the expectations of the society and environment in which it operates. It takes all appropriate measures to maintain its legitimate image and adapts its outputs, goals, and operational methods with the legal definitions of the environment and society, which requires the development of natural resources and limiting their depletion and rewarding the society in which it operates by increasing participation in social and environmental projects aimed at improving the quality of life in it [18]. Therefore, governance mechanisms and social responsibility are considered complementary tools to the organizational process aimed at achieving economic growth in the globalized business environment and reducing the legitimate gap between the unit and society and restoring the lost trust caused by financial crises and environmental disasters through the use of reports [19].

2.2.3. Institutional theory

It is a comprehensive and open social system in an influential, unstable environment that relies on decisions constrained by this environment, which automatically activates its existence and allows the achievement of strategic goals. The institutional theory reflects the natural system model aimed at survival and achieving sustainable development through developing a shared and purposeful understanding towards correct behavior and better performance and adopting formal organizational structures that comply with the constraints imposed by formal and informal organizations while meeting the needs of society and the surrounding environment to achieve excellence in markets [20]. Therefore, the theory is based on cognitive awareness of the importance of governance practices to improve performance and form the legal organizational identity that distinguishes it in markets and the imposed external constraints that require formulating a regulatory framework that complies with international standards and societal and environmental expectations surrounding the unit and providing social responsibility reports that prove the level of compliance.

3. Development of study hypotheses

Since a study hypothesis is a working theory that attempts to explain the phenomenon under investigation, it is the most crucial component of any research project. Thus, in accordance with this scientific and methodological protocol, the researcher should think about a scientific and methodological approach that is based on evidence and reasoning when developing it.

3.1. Main hypothesis

Integrated Reporting (IR) has quickly become a new accounting practice that helps organizations understand and explain the value creation process to external stakeholders. It is one of many optional and mandated techniques of corporate reporting. Accountability, the central idea in corporate governance, integrates the fields of corporate reporting and corporate governance. This is since accountability guarantees the dissemination of information about stakeholders, thereby mitigating the information asymmetry caused by the agency problem within the organization. Consequently, the primary factors that mitigate the expenses associated with concealing and tampering with information as a consequence of the agency problem are, in our opinion, good corporate governance and voluntary disclosure [21]. Consequently, in order to decrease agency conflicts, a firm with strong corporate governance processes is anticipated to enhance the caliber of voluntary disclosure. In recent years, there has been a lot of research into the correlation between good corporate governance and voluntary disclosure of company information. Outside of South Africa, no country requires IR disclosures. Several research [2, 22] examined the impact of board size, independence, diversity, and activity on IR adoption, and they discovered that some board characteristics had a considerable beneficial effect. (Ahmed Haji & Anifowose, 2016) found that while audit committee independence and financial competence were unaffected by audit committee effectiveness, activity, and authority, IR practice quality and extent were positively affected. Institutional investors are the principal users of integrated reports, according to the study in [4]. This finding is significant for ownership structure. As a result, it could persuade and push corporate leadership to embrace IR. The majority of prior research has shown that board attributes (such as board independence, board size, board activity, and board diversity) positively affect the amount of voluntary information disclosure when considering the relationship between these factors and voluntary disclosure. They argue that having a diverse group of people with expertise in areas like finance, society, and the environment on the board of directors makes it much easier for everyone to weigh in on disclosure issues [23]. Accountability and openness are also demanded by boards with a greater number of independent non-executive directors. Furthermore, the effectiveness of oversight is enhanced when board members meet frequently. In addition, diversity on boards improves social performance-related problem-solving [24]. Inadequate board oversight of executive management and dishonesty on the part of executive directors are two examples of the inadequate governance that numerous studies have linked to rising risks in the financial sector. Because of their unique characteristics, banks' governance is more important than that of other types of businesses when it comes to influencing financial markets. This is particularly true in light of the recent fast changes in global financial markets, which are a direct outcome of the increased volume of risks in the banking sector as a whole [25]. As the primary mechanism through which economic activity is funded, banks rank high among the financial system's most crucial components. With so many people having a vested interest in how banks are run, it's crucial that the system of governance be put into action so that investors have faith in the banking industry. After all, a liquidity crisis and the possibility of a run—like the one that hit the Bank of Credit and Commerce International in 1991—can result from a lack of trust in a bank's capacity to handle its assets and liabilities, including deposits. The standards for integrated reporting and the legal framework for related procedures are largely determined by governance. This, in turn, improves the overall quality of integrated reports by increasing the seriousness and sincerity of institutions and companies in the integrated reporting framework. The first major hypothesis may be drawn from this: Good governance has a favourable impact on the development of integrated reports.

4. Methodology

In order to obtain the primary information and data for this study, a questionnaire was designed to study the impact of good governance and social responsibility on the preparation of integrated reports in Iraqi banks and to collect field information. The quality of integrated reporting depends on several factors and components, including comprehensiveness. An integrated report must be comprehensive, covering all important aspects related to the company. Information should be accurate and reliable, relying on trustworthy sources and precise, correct data.

On the other hand, the report should be clear, explaining ideas and concepts in an understandable manner, and providing in-depth analysis rather than just presenting facts. Additionally, the report should offer insights and detailed interpretations. To measure the quality of integrated reporting, a set of indicators representing the qualitative characteristics of integrated reporting has been adopted. Below are items discussing the qualitative characteristics of integrated reporting influenced by the importance of sound governance and corporate responsibility applied in banks, based on the use of the five-dimensional Likert scale.

Table 1. Qualitative Characteristics of Integrated Reporting

Code	Phrases
Conciseness: The integrated report should be sufficiently concise to understand the economic unit's strategy, governance, performance, and expectations without burdening it with irrelevant information.	
Q_RI1	Logical model reflecting the nature of the economic unit
Q_RI2	Information does not change frequently or is linked to external sources.
Q_RI3	Concepts expressed clearly and with few words
Q_RI4	Preference for clear language over technical terms
Q_RI5	Avoidance of general disclosures
Reliability and completeness: The integrated report should include all material, positive, and negative matters in a balanced manner and without material errors.	
Q_RI6	Selection of presentation formats that do not inappropriately affect evaluations based on the integrated report
Q_RI7	Equal consideration given to increases or decreases in capital, strengths and weaknesses of the economic unit, positive and negative performance, etc.
Q_RI8	When information includes estimates, it is clearly disclosed, explaining the nature and limitations of the estimation process.
Consistency and comparability: Information in the integrated report should be presented as follows:	
Q_RI9	consistent over time
Q_RI10	comparable with other economic units.
Q_RI11	Use of standard data such as industry benchmarks or regional standards
Q_RI12	Presentation of information in proportional form
Q_RI13	Reporting of quantitative indicators commonly used by other organizations with similar activities
Q_RI14	Consistent reporting policy over time unless changes are necessary to improve the reported information quality
Q_RI15	Reporting of the same key performance indicators essential during the reporting period
Q_RI16	When a significant change occurs, the economic unit explains the reasons for the change and describes its impact.
Information communication: Comprehensive depiction of collection, linkage, and relationships among:	
Q_RI17	Capital elements
Q_RI18	Information content elements
Q_RI19	Past, present, and future
Q_RI20	Financing and other information

Relative importance: The integrated report should disclose information on matters significantly impacting the economic unit's ability to generate value in the short, medium, and long term.	
Q_RI21	Materiality of items presented in reports
Assurance or confirmation services in the report: The integrated report includes policies and practices	
Q_RI22	related to seeking confirmations on the report.
Q_RI23	Nature and scope of the assurance provided for this report specifically
Q_RI24	Any information arising from assurance
Q_RI25	Nature of the relationship between the economic unit and assurance providers

The aim of this study is to determine the impact of principles of good governance on the preparation of integrated reports in Iraqi banks. Five independent variables in this study are used to measure the principles of good governance in Iraqi banks, namely:

- Application of the accountability principle.
- Application of the participation principle.
- Application of the rule of law principle.
- Application of the transparency principle.
- Application of the justice and equality principle.

The first independent variable: Application of the accountability principle (P_ACCO).

The following items were used to measure the first independent variable, which is the application of the accountability principle, to study its impact on improving performance in government units operating in the banking sector based on previous studies in this field.

Table 2. Accountability principle measurement items

Code	Statements
P_ACCO1	Do you believe that applying specific standards for rewards and punishments in the banking sector will improve its financial performance?
P_ACCO2	Do you believe that imposing penalties commensurate with the violation size in the government banking sector will improve its financial performance?
3P_ACCO	Do you believe that applying the principle of accountability universally without discrimination in the government banking sector will improve its financial performance?
4P_ACCO	Do you believe that applying laws, regulations, and instructions will preserve the rights of all employees and positively impact the financial performance of the telecommunications sector?
5P_ACCO	Do you believe that applying laws and regulations reduces crises and problems in the banking sector and enhances its financial performance?
6P_ACCO	Do you believe that monitoring and evaluating accountability policies implemented by executive management in the banking sector and preparing reports for management will improve its financial performance?

In this context, the following items were depended upon to measure the second independent variable, which is the application of the Participation Principle, to study its impact on improving performance in the governmental units operating in the telecommunications sector.

Table 3. Measurement elements of applying the participation principle

Code	Statements
P_PART1	Do you consider citizen and civil society participation essential in the development process as it supports democratic governance, facilitates interaction between the state, society, governmental institutions, including the telecommunications sector?
P_PART2	Does participation mean the engagement and involvement of all stakeholders in processes such as needs assessment, planning, budgeting, daily operational decisions, financial aspects, implementation?
P_PART3	Is there a need for countries to establish and implement effective policies to combat corruption, enhance community participation, embody principles of rule of law, and good management of public affairs and assets?
P_PART4	Is there a need for multiple mechanisms for stakeholders' participation in the policies and decisions of the banking sector to positively impact its financial performance?
P_PART5	Does the banking sector involve representatives from management and lower administrative levels in developing development plans?
P_PART6	Do you believe that involving employees from various administrative levels in meetings can truly achieve the principle of participation and positively impact the financial performance of the telecommunications sector?
P_PART7	Are there laws that give employees the right to defend their legal rights?

The application of the Rule of Law principle is the third independent variable used to study its impact on improving performance in governmental units operating in the banking sector based on previous studies in this field, relying on the following items specified in this table.

Table 4. Measurement elements of applying the rule of law principle

Code	Statements
P_LAW1	Do you believe that applying the principle of rule of law in operational circles within the banking sector will contribute to enhancing its financial performance efficiency?
P_LAW2	Does rule of law mean respect for the law to the extent of compliance by all parties - whether individuals, governmental institutions, or civil society - with legal systems, laws, or regulations?
P_LAW3	Do you think that the rule of law requires a high degree of alignment between the behaviors and policies of stakeholders - government, private sector, civil society - in taking disciplinary measures against government employees who violate codes of conduct?
P_LAW4	Do you believe there is a need to enhance cooperation between governmental agencies and other relevant entities, whether national or international, to ensure law enforcement against criminal actions?
P_LAW5	Do you think that taking all necessary measures to criminalize bribery of national and foreign government employees, employees of international public institutions, and private sector employees will positively impact the financial performance of the banking sector?

For Independent Variable 4: Application of the Transparency Principle (P_TRA), this variable is measured by the following elements, relying on the literature in this field.

Table 5. Measurement elements of applying the transparency principle

Code	Statements
P_TRA1	Do you believe that applying systems and instructions clearly and transparently in the banking sector will contribute to enhancing its financial performance efficiency?
P_TRA2	Will disseminating systems and instructions in a way that ensures access by applicable employees contribute to enhancing the efficiency of the banking sector?
P_TRA3	Will granting stakeholders the right to access all transactions and decisions concerning them contribute to the development and efficiency of the banking sector?
P_TRA4	Will providing a comprehensive and integrated system of information on regulated systems and instructions for work contribute to enhancing its financial performance efficiency?
P_TRA5	The importance of having an effective corporate governance framework in encouraging and enhancing transparency, efficiency, and clearly defining supervision and oversight responsibilities, and requiring everyone to comply with the law?
P_TRA6	Do you think that the lack of knowledge among some administrators and employees in the banking sector weakens the principle of transparency, as they provide inaccurate answers, which negatively affects its financial performance?
P_TRA7	The absence of accurate explanations of the laws governing the work of governmental communication sectors negatively affects the principle of transparency, which in turn negatively impacts the financial performance of institutions operating in the banking sector.
P_TRA8	Will dialogue methods in governmental communication sectors contribute to reaching decisions through relevant committees and positively impact their financial performance?
P_TRA9	The lack of transparency in the information provided within the operations of banking departments is considered one of the main reasons for their poor financial performance.

To measure the extent of application of the principle of justice and equality, a survey questionnaire was directed to the study sample to gather their opinions regarding this area. The following table documents how this variable is measured:

Table 6. Measurement items of application of justice and equality

Code	Statements
1P_JEQ	The full and accurate implementation of the Administrative Regulations Law by the banking sector will contribute to improving its financial and administrative performance.
2P_JEQ	Clarity of systems and instructions within the banking sector, defining the tasks and duties of each employee, will enhance its efficiency and financial performance.
3P_JEQ	Do you believe that public sector employees in the banking sector can claim their rights at any time because they are supported by fair systems and laws?
4P_JEQ	Do you believe that the application of regulations and instructions uniformly to all citizens without discrimination by the banking sector will enhance sector efficiency and financial performance?
5P_JEQ	The application of the principle of equality and justice among workers in the banking sector will increase their confidence and ensure their rights, positively impacting their job performance.
6P_JEQ	Do you think that providing integrity and ethical values to supervisory and executive authorities to perform their duties goally will contribute to enhancing financial performance?

Control variables in studies or statistical analyses are variables whose values are controlled or held constant to measure their impact on other variables. The purpose of using control variables is to understand the causal relationship between variables or the effect of changes in the control variable on other variables.

The use of control variables aims to reduce variance or potential effects of other factors that may influence the results. This can help in identifying causal relationships between the studied variables and understanding the true impact of each variable. A set of control variables was added to the current study to adjust the relationship between dependent and independent variables and to clarify the real impact caused by the independent variables on the dependent variable. These control variables represent a set of variables established through previous studies to have a role in the change occurring in the dependent variable, thus limiting the impact caused by the independent variables on the dependent variable.

The study addressed a group of control variables, including:

- Gender
- Age
- Job specialization
- Years of experience
- Educational level

5. Results and discussion

The following statistical methods were used to achieve the results of the thesis using the statistical programs (SPSS V24), (AMOS V24), as shown in Table 8:

Table 8: Statistical Methods for the Study

No.	Statistical Method or Test
1	Likert scale coding
2	Cronbach's Alpha coefficient
3	Komogorov-Smirnov test
4	Confirmatory Factor Analysis (CFA)
5	Frequencies and percentages
6	Mean, standard deviation, variance
7	Multiple linear regression analysis

Table 9 shows the results of "Cronbach's Alpha" test regarding the study variables. From this table, we note that the value of Cronbach's Alpha coefficient ranges from 0.665 to 0.915 for all variables, which is high, indicating a strong correlation among the study community's responses regarding the degree of interest in each variable individually (the impact of good governance on preparing integrated reports in Iraqi banks), enhancing the confidence and credibility of the results of the basic components analysis.

Table 9: Results of "Cronbach's Alpha" Test on Study Variables

Variable	Number of Items	Cronbach's Alpha
Dependent Variables	Quality of Integrated Reports	25
Independent Variables (Principles of Good Governance)	Accountability	6
	Participation	7
	Rule of Law	5
	Transparency	9
	Justice and Equality	6
Mediating Variable	Social Responsibility	52

For the results of the regression analysis, the coefficient of determination (R^2) reached 0.456, meaning that all explanatory variables (independent and control variables) were able to explain 45.6% of the variations in the quality of integrated reporting in Iraqi banks, the subject of the study. The remaining 54.4% is attributed to other factors, including random error. Thus, the explanatory power is significant, indicating the substantial role of the variable represented by good governance on integrated reporting quality in Iraqi banks. Additionally, the F value is significant with a calculated significance (Sig = 0.000) less than the accepted significance level (0.05), indicating a high explanatory power of the multiple linear regression model from a statistical perspective.

$$\begin{aligned} Q\_RI_{it} &= \beta_0 + \beta_1 P\_ACCO_{it} + \beta_2 P\_PART_{it} + \beta_3 P\_LAW_{it} + \\ &\beta_4 P\_TRA_{it} + \beta_5 P\_JEQ_{it} + \beta_6 GENDER_{it} + \beta_7 AGE_{it} + \\ &\beta_8 EDU_{it} + \beta_9 EXP_{it} + \beta_{10} QUAL_{it} + \varepsilon_{it} \end{aligned} \quad \textbf{(1)}$$

Table 10. Results of Multiple Linear Regression Analysis (M1)

Explanatory Variables	**Regression Coefficient (β)**	**T-Test Specialist**	**Level of Significance**
Constant (β0)	9.149	5.632	0.000
X1: Application of Accountability Principle	Independent Variables	1.149	3.115
X2: Application of Participation Principle		0.124	2.106
X3: Application of Rule of Law Principle		0.055	3.146
X4: Application of Transparency Principle		0.129	1.257
X5: Application of Justice and Equality Principle		0.231	2.431
X6: Gender (GENDER)	Control Variables	-0.357	-3.080
X7: Age (AGE)		-0.384	0.576
X8: Educational Level (EDU)		0.620	-4.749
X9: Years of Experience (EXP)		0.112	-1.182
X10: Current Job Field (QUAL)		0.326	-2.642
Statistical description	Statistical Description Coefficient of determination R^2 = 0.456 F-test statistic F = 7.017 (p-value = 0.000) Standard error DW = 2.030		

The regression coefficients are highly significant and positive for the role of independent variables represented by good governance on the level of integrated reporting quality. For example, the regression coefficient is highly significant and positive for the application of the Accountability Principle on improving integrated reporting quality (1.149) with a calculated significance of 0.002, which is less than the 0.01 significance level, indicating a positive causal relationship between the Accountability Principle and the improvement of integrated reporting quality in the sampled Iraqi banks.

Regarding the remaining control variables, it is noted that both educational level and gender have significant effects on improving integrated reporting quality in Iraqi banks. The P-value is defined as the observed significance level of a statistical test, representing the smallest significance level at which the null hypothesis is rejected, or the smallest significance level at which the observed sample leads to rejecting the null hypothesis.

6. Conclusion

Integrated reporting has become one of the most effective methods for disclosing information, as the current generation of economic agents now recognizes the importance of this reporting tool. It has witnessed an increasing trend towards a more comprehensive approach that integrates social, environmental, health, and economic perspectives. Institutions use integrated reports to communicate how value is created in the short, medium, and long term.

7. Recommendations

Based on data analysis and hypothesis testing, the study offers a set of recommendations, highlighting the growing significance of corporate reporting quality in the global economy. Stakeholders are increasingly focused on environmental, social, and corporate governance practices, as well as company performance, to address internal control weaknesses. The study underscores the impact of financial scandals on investor confidence and emphasizes the role of integrated reporting quality in enhancing transparency. It stresses the vital importance of sound governance practices in integrating sustainable development into business management, thereby influencing the quality of integrated reporting. Corporate governance is recognized for its role in mitigating fraud risks, improving financial performance, and enhancing information quality. The study aims to inform leadership and officials in institutions, especially insurance companies, about international standards' importance in financial reporting quality, bolstering investment requirements. It advocates for establishing organizational and policy foundations that align with stakeholder expectations and triple performance criteria. Emphasizing the critical role of good governance in enhancing corporate accountability, reputation, and guiding investment decisions, the study promotes integrated reporting as a powerful tool for comprehensive disclosure. It calls for institutions to leverage integrated reports to communicate value creation across short, medium, and long-term horizons, fostering sustainable development and elevating integrated reporting quality.

Declaration of competing interest

The authors declare that they have no any known financial or non-financial competing interests in any material discussed in this paper.

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