The quality of disclosure of accounting information and its impact on financial performance and its determinants based on accounting information systems: A study on a sample of companies listed on the Iraqi stock exchange

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ABSTRACT

The study aimed to understand and clarify the quality of disclosure of accounting information and its impact on financial performance in many companies including technological and engineering companies and its determinants by relying on accounting information systems, where the independent variable represents the quality of disclosure of accounting information in its dimensions: (disclosure of social and environmental responsibility, disclosure of internal control items and audit operations, disclosure of information future, and disclosure of financial information), and the dependent variable is financial performance and its determinants.

The research community consisted of Iraq Stock Exchange companies, and the companies with the highest market value were selected and were represented by five companies: (Zain Iraq, Asia Cell, Bank of Baghdad, Baghdad Soft Drinks Company Pepsi Baghdad, National Bank of Iraq), where 350 questionnaires were distributed to a group of employees, experts, and investors collected data on the variables of the study. A random sampling equation was used to determine the sample size necessary to obtain accurate and reliable results. 345 questionnaires were retrieved, suitable for analysis. The descriptive analytical approach was adopted to achieve the objectives of the study. The most important of which is: a positive evaluation of the quality of accounting disclosure, with room for improvement. The positive evaluation indicates awareness among companies of the importance of transparency and accountability in enhancing trust between them and investors and shareholders. The positive evaluation also shows companies' efforts to apply international accounting standards and provide accurate and reliable financial information. The reason for this assessment is the adoption of international accounting standards and effective supervision by regulatory authorities.

Keywords: Quality of accounting information disclosure, financial performance, social and environmental responsibility disclosure, financial information disclosure.

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1. Introduction

Administrators and investors are paying more and more attention to financial performance because it helps to determine the company's financial status and, by extension, its capacity to fulfil its goals. When it comes to running a business, nothing is more fundamental than financial performance. This is because it allows us to compare the real results of our efforts against our goals using specific indicators, which is essential for staying afloat. A variety of internal and external variables influence how well businesses do financially [1]. The accounting disclosure of financial information has become useful in the process of regulating performance, thanks to the fast growth of information technology in firms. This information represents the genuine economic and financial performance of companies. As a result, there are now globally accepted accounting standards that allow for the reporting of these operations in accordance with these standards, and there are stricter regulations...
regarding the disclosure of financial information in publicly available financial statements. There was a growing need for comparable financial statements among international establishments to ensure the expansion of global investment remained consistent [2].

Businesses were also impacted by the information revolution. As a result, companies had to build and design integrated and solid information systems to control the massive amounts of data flowing in order to make decisions and achieve goals. The first step in accomplishing this is figuring out how the business can get its hands on this data. Consequently, accounting information systems have grown in popularity as businesses increasingly rely on them to help them achieve their objectives through the collection, classification, and modification of data. Its overall financial performance would improve as a result of the correct information being provided to the right administrative levels at the right times to help with administrative tasks and functions, as well as to enhance and develop communication and information flow between those levels [3].

Accounting data is the universal language of businesses and their customers. Since financial statements serve as a main means of communication between businesses and their various stakeholder groups, it is imperative that they be accurate, comprehensive, transparent, easy to comprehend, and presented in a way that facilitates the attainment of various user objectives. Because of its significance in making decisions, information must be accurate, presented in a fair manner, and in line with generally accepted accounting principles. In addition, accurate and complete disclosure and analysis of accounting information requires that it be easily comprehensible. In order to achieve the objective of accounting disclosure, which is to educate all users (both internal and external) about the company's financial situation, the principle of complete disclosure states that all processes and information that could affect the financial statements should be made public. In other words, all data that can influence operations, allocation of resources, and budgeting forecasts or could be influenced by other data must be reported [4]. Based on this understanding, the present study constitutes scientific investigation of accounting information system-related financial performance and its antecedents. This study aims to provide an insight into the quality of accounting information disclosure of companies listed in Iraq Stock Exchange with reference to their accounting information systems where it plans to analyse accounting information disclosure in relation to financial performance and factors influencing it:

- Acknowledging the importance of timely provision of accurate accounting information and the impact of accurate accounting information on the financial performance of the listed companies with Iraq Stock Exchange.
- Identifying the role and contribution of the Accounting Information System in enhancing the quality of accounting information disclosures to the companies listed in Iraq Stock Exchange.
- Learning more about the ways in which accounting information systems impact on the financial performance of global enterprises listed in the Iraqi Stock Exchange.
- Iraqi firms that are using accounting information system to enhance their business performance as a firm aspiring to float its securities on the Iraqi Stock Exchange should ensure that their information is released with high quality.

From a literature review perspective, as well as a practical and methodological one, this study's significance can be emphasised by providing the relevant parties with a set of suggestions and guidelines based on the following: In order to accomplish their long-term objectives and weather environmental challenges, businesses aim for excellent financial performance indicators. The money side is still crucial; without it, no business can stay in business.

- A key role that disclosure plays in guiding stakeholders and evaluating their future trends is the quality of the accounting information that is disclosed, which in turn helps stakeholders and beneficiaries make better decisions and builds trust between the company and its users.
- A Despite intense rivalry and lightning-fast technology advancements, accounting information systems continue to get considerable attention for their critical role. It allows users to assess the company's financial performance using a set of indicators and provides a picture of the company's relevant activities in the form of reports and financial statements that show the company's overall success. Not to mention stressing how important accounting information systems are for thorough reporting and financial statements.
2. Research methodology

In view of the current global economic climate of uncertainty and risk, the American Accounting Association (A.A.A.) emphasised the significance of accounting data included in financial statements and reports. According to experts, it's the best way to enable external investors feel more secure and to close the information gap between management and users, both of which are crucial for conducting fair and unbiased evaluations of business performance. Capital markets in the majority of nations, numerous professional and scientific accounting organisations, and users of financial statements and reports all agree that accounting disclosure is crucial. Its ever-expanding reach is a direct outcome of the myriad issues caused by the lightning-fast changes taking place in the economic climate. In accounting, there are standards that units must follow in order to measure and disclose the elements related to them. These standards also address the importance of disclosure in helping users understand the data and information contained in financial statements and reports, as well as the measurement bases that were used to reach most of these elements [4].

The relationship between accounting disclosure and financial performance has been the subject of numerous studies due to the importance of accounting disclosure. This is because many users and stakeholders rely on accounting system outputs to gather important information about the company, which aids in economic and investment decision-making as well as the evaluation of companies' financial performance. There is empirical evidence that shows how accounting transparency can boost a company's bottom line. This presentation allows us to define the research question as follows: - How can companies listed on the Iraq Stock Exchange improve their financial performance through the quality of accounting information disclosure?

- How can accounting information systems help Iraq Stock Exchange-listed companies improve the transparency and accuracy of their financial reporting?
- How can accounting information systems help companies listed on the Iraq Stock Exchange improve their financial performance?

In order to improve financial performance, how does the quality of accounting information disclosure affect companies listed on the Iraqi Stock Exchange that use accounting information systems? We shall depend on the following research hypotheses to answer the research problem: The primary hypothesis is that companies listed on the Iraqi Stock Exchange can improve their financial performance by improving the quality of accounting information disclosure. The second hypothesis states that Iraqi Stock Exchange-listed firms' accounting information systems are significantly related to the quality of their accounting information disclosure. The third hypothesis states that Iraqi Stock Exchange-listed companies' financial performance is significantly improved when accounting information systems are used. Companies registered on the Iraqi Stock Exchange that depend on accounting information systems have a statistically significant association with improved financial performance, according to the fourth hypothesis. The researcher followed the following study structure to accomplish the study's objectives: Identify the impact of accounting disclosure quality on financial performance and its determinants using accounting information systems; rely on descriptive analytics to draw conclusions.

1. The conceptual side: In this respect, the study's theoretical framework was developed through perusing relevant books, journals, seminars, papers, and online resources.
2. The field aspect: This part of the study relied on a questionnaire, which is a popular instrument for gathering data in applied research, to gather the basic information from companies listed on the Iraqi Stock Exchange.
3. The analytical aspect: The data was collected from the field and analysed using the Statistical Package for the Social Sciences (SPSS) program. The results were used for this study.

3. The concept of accounting disclosure

Accounting professionals throughout the world agree that full disclosure of financial information is crucial, and the idea of accounting transparency is getting a lot of press in the media. This necessitates the inclusion of all relevant data and information in the financial statements and reports, as well as their careful design and preparation to provide an accurate picture of the economic events that occurred within the economic unit throughout the activity period. Key facts that reveal the economic unit's true state for the benefit of investors and everyone using financial statements or reports [4]. "The financial statements show all basic information
about the economic unit, which is of interest to external groups so that it is useful in making rational decisions." This is the definition of accounting disclosure according to the study of [5]. As a result of knowledge asymmetry and high-quality disclosure, managers and owners work together more effectively, which improves decision-making and forecasting capabilities (disclosure quality, or DQ) [6]. Given that the quality of disclosure is complex and difficult to pin down, it is reasonable to assume that condensed disclosures are more informative and transparent than summary disclosures due to the use of the phrase "completeness, accuracy and reliability" to describe the quality of disclosure. If investors can accurately predict the stock price before disclosure, we say that disclosure is of high quality. Researchers in one study compared disclosure quality to shifts in market liquidity [7]. Protecting shareholder wealth from conflicts of interest is made easier with high financial transparency and high-quality disclosure, as shown in the study of [8]. They relied on appropriateness, whereas voluntary disclosures referred to data that firms knowingly released to the public beyond what is required by law, the thoroughness of regulatory requirements, the quantity and timeliness of data, and so on. As a proxy for disclosure quality.

4. The concept of accounting information system

Measurement and communication are at the heart of accounting. This is achieved through taking stock, compiling, operating, and analysing economic data. Reports are then prepared to share this information with internal and external stakeholders. In the meantime, the system processes the data and makes it usable for various users and decision makers [9]. "A collection of elements that constitute methods and procedures, including automated methods, records, papers, documents, reports, and procedures" is the definition of an accounting information system. Accounting data is processed by recording, tabulating, and summarising, and these processes work together to do this [10]. "The primary and crucial component of the facility's administrative information system" is another definition. It takes financial data from a variety of internal and external sources within the facility, processes it, and then makes it usable for financial reporting [11].

5. The concept of financial performance

Financial performance is a fundamental idea for businesses. Being a reflection of the company's actions and their outcomes, it serves as a mirror. In addition to reflecting the company's capacity and success in reaching its objectives, it establishes the level of success in using its resources and capabilities. The fundamental instrument supporting the company's varied activities is financial performance, which was defined by Miller and Doss as "the expression of business management activities using specific financial indicators." [12]

To achieve its long-term goals and the desirable results it sets out to achieve, an institution's financial performance is a reflection of its capacity and capability. [13]. What is also known as financial performance is "the process through which a set of quantitative and qualitative measures or indicators emerge about the activity of any economic unit that contributes to determining the importance of the economic unit's operational and financial activities, through information produced from lists and other sources" [14]. Thus, financial performance can be defined as "a collection of studies that help in identifying the level of the company's ability and efficiency in managing its activities in its various aspects during a specific period of time and the extent of its skills in transforming inputs into quality qualitative and quantitative outputs and demonstrating its ability to develop its efficiency year after year." Accounting information systems, financial performance, and the transparency of financial reporting: One of the most basic types of information utilised in global capital markets is the quality of accounting information. In addition to drawing in users at every stage of its production, dissemination, and utilisation for optimal capital allocation, high-quality accounting information shows the company's economic status in financial reports. The better the data quality. It was produced and audited according to generally accepted accounting principles. The companies' financial situations, both past and present, were presented in an open and honest way. In light of the foregoing, it is imperative that it be submitted in a full, accurate, and timely fashion, including any and all changes to the company's financial situation, performance, or value, and supplying all the necessary requirements. Measuring financial performance, according to those who utilise accounting information in this context, is assessing how well an organisation does economically in acquiring resources and putting them to good use. Because it is both a necessary component and a wealth of information for establishing the overall financial level and performance standards for the entire organisation, the accounting information system gives insight into the company's strength in this regard. Financial statements are the primary tool used by economic institutions to assess their performance. By relying on these statements, analysts can determine the institution's financial position, identify its strengths and
weaknesses, and ultimately make decisions that improve the institution's financial performance. Users value financial reports for the decision-making information they contain.

6. Results and discussion

It means the extent of stability and consistency of the tool in measuring the variables presented to it. Coefficient alpha is a common method for evaluating the reliability of a survey instrument. Cronbach's alpha coefficient is calculated to determine the consistency of the items in the tool with each other. The alpha value ranges between 0 and 1, where high values (at least greater than 0.7) are considered an indicator of the stability of the instrument and the strength of the relationship between the items. Once Cronbach's alpha is calculated, the results can be used to determine the reliability of the instrument and the quality of relationships between items. If the alpha value is high, this enhances researchers' confidence in using the tool and supports the validity of the results on which it is based. By using Cronbach's alpha, researchers can evaluate the internal consistency of their instrument and ensure the quality of the instrument in measuring variables reliably.

Table 1. Alpha coefficient values

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Variable</th>
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<tbody>
<tr>
<td>Cronbach's Alpha</td>
<td>N of Items</td>
</tr>
<tr>
<td>.962</td>
<td>23</td>
</tr>
<tr>
<td>.850</td>
<td>7</td>
</tr>
<tr>
<td>.850</td>
<td>7</td>
</tr>
<tr>
<td>.938</td>
<td>37</td>
</tr>
</tbody>
</table>

The results of Cronbach’s alpha test indicate high levels of reliability for the study tool used, suggesting that the tool measures variables consistently and stably. Specifically:

1. A Cronbach's alpha value exceeding 0.9 signifies a high level of internal consistency among the items, indicating that the formulated questions effectively assess the dimension being investigated - the quality of accounting disclosure.
2. The Cronbach’s alpha coefficient for the questionnaire is 0.850 for 7 items, which is considered to demonstrate good reliability. An alpha value above 0.8 supports the argument that the questions related to a specific variable are consistent and reliable.
3. The Cronbach’s alpha coefficient for another variable, denoted as Y, also equals 0.850, indicating good reliability for the questions related to Y and its determinants.
4. The total score of the instrument, comprising 37 items, yields a Cronbach’s alpha of 0.938, indicating high reliability across all items in the instrument.

These findings collectively affirm that the questionnaire items exhibit high internal consistency, ensuring that the method is reliable in measuring the identified variables accurately and facilitating robust analysis and conclusions.

Table 2. Outputs of the main indicators of the multiple regression model

<table>
<thead>
<tr>
<th>Sample</th>
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<tbody>
<tr>
<td>Disclosure of social and environmental responsibility</td>
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<tr>
<td>Disclosure of internal control items and audit processes</td>
</tr>
<tr>
<td>Disclosure of future</td>
</tr>
</tbody>
</table>
Based on the outputs of the multiple regression model presented, the first hypothesis was accepted, indicating a statistically significant relationship between the quality of X and Y for companies listed on the Iraqi Stock Exchange. This acceptance validates the notion that there is a meaningful association between the variables being studied.

Moreover, the acceptance of three sub-hypotheses related to disclosure areas such as social and environmental responsibility, internal control items and audit operations, and predictive future information underscores the importance of transparency and responsibility in these specific domains. These findings imply that disclosing information in these areas can have a more substantial impact on enhancing firms' Y compared to traditional financial disclosure practices.

Conversely, the rejection of the sub-hypothesis concerning the disclosure of financial information suggests that routine financial disclosures may not have as significant an influence on firms' Y as other types of disclosures. This highlights the nuanced nature of corporate transparency and indicates that certain non-financial disclosures may play a more crucial role in driving positive outcomes for companies on the Iraqi Stock Exchange.

Table 3. Outputs of the main indicators of the regression model for the hypotheses

The second hypothesis was indeed accepted, indicating a statistically significant relationship between Z and the quality of X across various types. The specific sub-hypotheses (Hypothesis 2a, 2b, 2c, 2d) were all accepted as well, demonstrating a positive association between Z and the different accounting disclosures examined. These results reinforce the importance of Z in improving the quality of accounting disclosure, aligning with previous research highlighting the value of technology in this context.

The study's findings are consistent with the global trend of integrating technology, like Z, into accounting practices. Investing in Z is supported by the study as it can enhance accounting disclosure quality, leading to increased investor confidence, lower capital costs, improved company reputation, and higher Y. Z's utilization improves the accounting process, enhances information accuracy, and facilitates decision-making processes. This emphasizes the significance of leveraging technology like Z to advance accounting practices and achieve better outcomes.
Table 4. Path analysis estimation results

<table>
<thead>
<tr>
<th>Equations estimated using path analysis</th>
<th>Estimation parameter</th>
<th>Standard error</th>
<th>Tabular value</th>
<th>Probability value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z &lt;- X1</td>
<td>.198</td>
<td>.039</td>
<td>5.064</td>
<td>***</td>
</tr>
<tr>
<td>Z &lt;- X2</td>
<td>.194</td>
<td>.039</td>
<td>5.039</td>
<td>***</td>
</tr>
<tr>
<td>Z &lt;- X3</td>
<td>.063</td>
<td>.035</td>
<td>1.799</td>
<td>.072</td>
</tr>
<tr>
<td>Z &lt;- X4</td>
<td>.148</td>
<td>.031</td>
<td>4.746</td>
<td>***</td>
</tr>
<tr>
<td>Y &lt;- Z</td>
<td>.482</td>
<td>.051</td>
<td>9.543</td>
<td>***</td>
</tr>
<tr>
<td>Y &lt;- X1</td>
<td>.024</td>
<td>.038</td>
<td>.640</td>
<td>.522</td>
</tr>
<tr>
<td>Y &lt;- X2</td>
<td>.078</td>
<td>.037</td>
<td>2.079</td>
<td>.038</td>
</tr>
<tr>
<td>Y &lt;- X3</td>
<td>.140</td>
<td>.033</td>
<td>4.241</td>
<td>***</td>
</tr>
<tr>
<td>Y &lt;- X4</td>
<td>-.091</td>
<td>.030</td>
<td>-3.016</td>
<td>.003</td>
</tr>
</tbody>
</table>

The first sub-hypothesis: The sub-hypothesis was partially accepted. Reporting on social and environmental information provides constructive information concerning social and environmental accountability, which enhances investors' confidence and improves the firm's image. Administratively, Z assists organizations in gathering information about social and environmental performance, streamlining the disclosure process, and making it more accurate and consistent.

The second sub-hypothesis: The sub-hypothesis was partially supported. The disclosure of internal control and auditing terms makes investors confident in the financial information, reducing risk factors such as fraud and errors. Administratively, Z helps enhance internal control and auditing, improving the quality of disclosure related to these aspects.

The third sub-hypothesis: Here, the sub-hypothesis was partially supported. In theory, it enhances investor confidence in particular investment decisions through the availability of prospective information. At the administrative level, Z facilitates more efficient and effective application of data analysis and forecasting thereby raising the quality of information presented. The fourth sub-hypothesis: Theoretically, there have been arguments that information disclosure is sufficiently low and that it does not represent the level of disclosure in the broader sense. In its broadest terms, Z assists in the process of improving the quality of disclosed financial information and thus has a positive effect on the quality of disclosure.

7. Conclusions

The outcome reached for the study reveals a positive inclined towards the quality of accounting disclosures, affirming that the companies grasp the necessity for enhancing disclosure standards in order to be trusted by investors. This also underscores the importance of the implementation of efficient accounting information systems to improve accuracy and efficiency. The work focuses closely on internal and external factors in the context of financial performance, highlighting the need to know the business environment’s changes. Moreover, it reinforces the correlation between quality accounting disclosure and investor relation stressing on the importance of disclosure to access funds and create good impression. It also provides an understanding of how information technology, which is Z, enhances the quality of accounting disclosure through assisting in compilation, processing and dissemination of information. Use of sophisticated technology can promote increased levels of automation, generate important financial data and assist in management decisions. The overall research findings imply that accounting disclosure quality mediates by information technology to some extent and requires integrating efforts that drive up financial performance.

8. Recommendations

The recommendations focus on enhancing the timeliness and accuracy of disclosure, modernizing systems, formulating contingency plans, improving the quantity and quality of disclosed information, updating technology, formulating long-term strategic plans for IT utilization, and enhancing the credibility of accounting information disclosure. Implementation mechanisms include management training, system modernization, risk assessments, policy establishment, technology evaluation, and strategic planning.
Declaration of competing interest

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

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Author contribution

Waseem Abdullah Saleh and Houda BenMabrouk both contributed equally to the conceptualization, design, and execution of the research study on "The impact of corporate governance on the quality of accounting information and its reflection on the share prices of companies listed on the Iraqi Stock Exchange." Waseem Abdullah Saleh was primarily responsible for data collection, analysis, and interpretation, while Houda BenMabrouk provided expertise in the areas of corporate governance and financial reporting practices. Both authors collaborated on writing and revising the manuscript, as well as providing critical feedback and insights throughout the research process. The authors jointly approved the final version of the manuscript for submission and agree to be accountable for all aspects of the work in ensuring its accuracy and integrity.

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