

The role of creative accounting in increasing the marketing of shares and their profits in the Iraqi stock exchange

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ABSTRACT

As a result of creative accounting, many firms in the Iraqi stock market are able to achieve two very significant goals: first, to boost the market value of their shares and thus gain the biggest trading volume in shares, and second, to lower their earnings in order to decrease the tax burden. First by growing its profits, then by evading taxes and denying the state its right to its money. Using this research, we hope to demonstrate how financial institutions that use innovative accounting tools in the preparation of their financial statements impact trade activity. Trading volume is critical to accurately forecasting stock price patterns, allowing investors to maximize their wealth. So, without accounting information, the financial markets can't play their function in drawing in investment, ensuring a well-balanced use of resources, and making reasonable economic decisions, because they don't have the accounting knowledge to do so. There were four sections to the research, which included a look at the research methodology and previous studies, a look at creative accounting practices, and an analysis of the financial statements for the top and bottom ten companies in terms of trading volume using Miller's model to detect profit manipulation that occurred in those companies. The final section contained the most significant findings and recommendations.

Keywords: Creative accounting, shares, Iraqi stock exchange

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1. Introduction

The concept of creative or creative accounting may seem at first "a strange or modern concept," but in fact it is not, because this term raises many questions about the nature of creativity and the nature of accounting methods, procedures and methods that are used in accounting applications. Some of the accounting procedures applied by company managements in pursuit of a fictitious improvement, either in their profitability or in their financial position, by exploiting the gaps in the external audit methods or by taking advantage of the various alternatives available in the accounting policies provided by the company's accounting standards in the areas and The measurement and disclosure methods used in preparing the financial statements, which may negatively affect the quality of the numbers shown in those statements, whether with regard to profits or the position. Creative accounting per se is still practical and yet, unchallenged as a matter of approach. But when it becomes unethical methods infiltrate the resulting accounting details and make them realistic this thing is unreal and unfair. Creativity in this context is like referring to half a glass of water as "half full" rather than describing it as "half empty." While both statements are in fact true, they paint and convey different pictures [1], and see Ali" that creativity indicated that creative accounting has a positive effect if it promotes the development of accounting practices, and has a negative effect when it is supposed to mislead and deceive investors, creditors, bank customers and other users of financial statements. Creative accounting as the practice of recognizing revenue in a way that makes the company look better than it is, while still compliant with generally accepted accounting principles (GAAP) and not out of context [2].

The use of creative accounting practices, enables departments to change perceptions about the business performance of their companies. It enables them to provide an inaccurate assessment of a company's profitability, which leads to inappropriate pricing of debt and equity securities. And when the errors resulting from these practices are discovered, the market may not be merciful in that, and this causes a sharp drop in stock prices. It has a positive effect if it promotes the development of accounting practices, and it has a negative impact when it is supposed to mislead and deceive investors, creditors, bank customers. and other users of financial statements. Creative accounting as the practice of recognizing revenue in a way that makes the company look better than it is, while still compliant with generally accepted accounting principles (GAAP) and not out of context [3].

[4]. "Butto" reviews the concept of creative accounting as a general concept of the organization of accounts, as it gives illegal or suspicious benefits to maintain the entity of the accounts [5, 6].

1.1. Forms of creative accounting

Creative accounting comes in one of the following two forms, (profit management, income smoothing). Many researchers believe that accounting policy is the main focus on which profit management practices revolve. Accordingly, it was not acceptable to put a definition of profit management in isolation from the accounting policies, which represent a set of practical application tools used by the administration in the production and communication of financial information, and "scientific application tools" mean those rules, foundations, methods and procedures that the accountant uses in his field of work. The general rule for determining the parameters of the accounting policy is to come up with practical application tools appropriate to the circumstances and nature of the company's activity [7, 8]. From this point of view, profit management is defined as the intended intervention by management in the process of choosing alternatives and accounting policies to influence the economic performance of the company in order to achieve specific goals [9]. The company's performance and the soundness of its financial position, and it reduces its fear of the level of risk related to it [10]. The administration has taken care of beautifying this "net profit" accounting element and has taken accounting methods to control these profits, and distribute them as they see fit within the accounting capabilities and choices available to them, which is called Earnings Management, and defines it as "a proposed innovation in preparing the financial report with the intention of obtaining Special Benefits" [11]. Profit management is one of the most important forms of creative accounting that has been discussed in the accounting literature, and "Al-Atabi" defines profit management as a deliberate breach in the process of preparing financial reports with the aim of obtaining special benefits and misleading stakeholders regarding the company's economic situation and then distorting images of real financial performance with the aim of reaching to desirable results [12]. Al-Sahli also mentioned it as changing the declared economic performance of the company by the management, either to mislead the shareholders or to influence contractual results [13]. It is the deliberate choice between accounting methods and policies, which are among the accepted principles in order to maximize the personal benefit of management or to maximize the value of the enterprise [14].

1.2. Types of profit management

In this context, Parafet refers to two types of profit management practices that exist:

- Bad Earning management
- Good Earning Management

As for bad earnings management, it is a profit tool that aims to hide the real operating performance of the organization, by creating some fictitious operations and artificial accounting restrictions, such as forming secret reserves and wrong recognition of revenues, or using excessive and illogical estimates when exercising accounting judgments such as reducing allowances for doubtful debts. And bad profit management practices can be considered unproductive and do not achieve any real value to the organization, as they represent fraudulent operations, according to "Parafet" "Bad profit management often involves some unacceptable and illegal accounting and administrative practices, and these are difficult to detect, that the inclusions of management For bogus operations and artificial accounting restrictions, it represents not only bad management, but also illegal and illegal management of profits. As for good profit management, "Parafet" indicated that it is every management process carried out by the organization's management aimed at improving its performance and achieving its goals, to interact with all expected threats. And the available opportunities as it recognizes all the obligations of the institution in a timely manner and can create value for shareholders, and thus can Defining good profit management as, the management of operating profits that occur when management takes voluntary

decisions that will maintain acceptable and stable financial performance for the institution. For example, the administration may resort to offering commercial discounts to the currency. This is an acceptable practice from a legal point of view [15].

1.3. Income smoothing

Reducing income volatility and stabilizing its growth is considered one of the most important objectives of the CEO. This is based on the prevailing belief that the fluctuation of the income growth rate increases the risk [10]. A company with a fixed or close growth rate in the long term is the least risky. Therefore, some companies seek as much as possible to reduce these risks by methods. Acceptable accounting, called Income Smoothing, is a form of earnings management designed to eliminate distortions in the normal earnings chain that includes steps to reduce or save earnings during good years for use in bad years [16]. The smoothing income is obtained either in a natural way resulting from the operational works of the company, or in an innovative way resulting from the intervention of the management and aims to achieve stability in the growth of income [17]. Income smoothing is also defined as “the efforts made by management to reduce fluctuations in the company’s declared profits.” This definition focuses on the role of management in reducing fluctuations that occur in the company’s income without specifying the nature of the efforts made by management to smooth the income. As for "Belkaoui", he sees that income smoothing is an intentional adjustment to the declared income that aims to reach the desired direction or level, and it expresses the management's desire to reduce abnormal deviations. In income to the extent possible or permitted under the accepted principles of accounting and management [18]. It can be said that smoothing the income is within the limits of the flexibility available in generally accepted accounting principles. From the foregoing, we note the following [19].

- Income smoothing is a process that takes place in accordance with the flexibility available in generally accepted accounting principles (GAAP), with regard to accounting methods and procedures.
- Income smoothing is management intervention in the financial measurement and reporting process.
- Income smoothing aims to reduce variance and fluctuation in business results.

1.4. Management's motives for using creative accounting methods

Financial analysts believe that the management's motives for using creative accounting are limited to the following points: [16].

1. Positive impact on the company’s reputation in the market: With the aim of improving the financial values related to the performance of business establishments.
2. Influencing the company’s share price in the financial markets: With the aim of maximizing the financial values and then improving the share prices of those companies in the financial markets.
3. Improving the financial performance of the facility to achieve personal interests: [20]. Personal gain is one of the most important motives for management to use creative accounting in order to reflect the image of Positive about its performance for personal purposes of improving the image of this administration in front of the boards of directors.

1.5. Obtaining or maintaining financin

Corporate administrations often seek to obtain the necessary financing in its various forms, when the company suffers from liquidity problems necessary for the continuation of its operational or investment operations and sometimes to pay its obligations, and here it resorts to refinancing expenses and obligations, through financial institutions by resorting to creative accounting methods to improve the result of activity and position The financial account is “not real” to achieve the financing conditions imposed by the financial institutions.

1.6. For tax manipulation

This is done by reducing profits and revenues and increasing expenditures in order to reduce the tax base on which the tax withholding value will be calculated [21].

1.7. Avoiding the political cost

This cost is represented by the burdens borne by large-sized economic units as a result of the laws and regulations imposed by the state. Such as increasing tax rates, as well as placing high social burdens on

economic units. Therefore, the management of economic units resorts to avoiding that cost by adopting earnings management or choosing accounting policies that reduce profit.

1.8. Creative accounting methods in the statement of financial position and opportunities for manipulation of accounting values

The importance of the budget is related to the information it provides about the nature and size of the company's available resources and obligations towards lenders and owners "as it helps in predicting the amounts and timing of future cash flows." The benefits achieved by the statement of financial position should be evaluated in light of a set of determinants, foremost of which is that most assets and liabilities are valued at historical cost, and they do not show the most influential elements that have an effective financial value, such as knowledge and skills of employees [20].

1.9. Factors affecting the marketing of banking services

There are five factors that affect the marketing of banking services (Al-Nimr and Al Murad, 2002: 101(

- .Change in customer behavior: Perhaps the most specific manifestations of change in the behavior of customers are those that require acquiring knowledge of how to use modern devices in marketing the banking service when requesting, depositing and financing a quantity of money, which means the need to go towards customers and teach them how to use these technologies and deal with their mechanisms.
- .Limited laws and government intervention: And for the clarity of the character of dealing in the banking services sector, the laws and legislations that are issued are often relatively specific, and government legislations are also few due to the clarity of the image in dealing and giving banking units the freedom to use what they deem appropriate to deal with phenomena.
- Competition: An apparent characteristic in the banking sector as a result of the flexibility of dealing in this aspect and the speed of change and amendment and taking stances against any phenomenon that comes from other competing banks. Acquisition of modern technologies and encouragement to use them is only a clear phenomenon in the field of competition, as this results in diversification in the banking service and its development over time.
- Technical creativity: This aspect has a clear impact on the banking services market, as the use of modern technologies contributes to the expansion of resources and the ability of banks to compete in this industry.
- .Customer relationship with quality: The main task of marketing in banks is to attract customers and continually strengthen relations with them and obtain satisfaction with banking services. He has about the service provided and its conformity with his expectations from that service to satisfy his needs and desires.

2. Research methodology

The aim of the research is to reveal the practices of creative accounting in the financial statements prepared by the joint stock companies whose shares trade in the Iraqi financial market and to link between creative accounting practices and the volume of shares trading in companies operating in the market and to suggest some appropriate solutions to reduce the practice of creative accounting in companies operating in the market

The applied study aimed primarily to test the research hypotheses and then measure whether there is an impact of the practice of creative accounting on the joint stock companies practicing it in terms of trading volume. In order to achieve the requirements of the study and collect the necessary data for it, objectively and impartially, we decided to analyze the financial statements of the joint stock companies and for all the companies sample of the study for the period 2015) using the mathematical scale for the ratio [22] to measure the profit management practices of the sample companies, to then study the impact of creative accounting practices "Management of Profits' on the trading volume of listed companies in the market.

Table 1. The ten most traded companies and the ten least traded companies for the year 2015

Top 10 most traded companies 2015 (Million dinars)		Lists the top ten most traded companies in 2015 (Million dinars)	
The Company's name	2015 turnover (Million dinars)	The Company's name	2015 turnover (Million dinars)
Gulf Commercial Bank	45301,7	Middle East for fish production	18,7
The United Investment Bank	43708,1	Khazar Cartoon Production	20.5
Dares Salaam Investment Bank	42495,0	Ahlia for agricultural production	37.6
National Bank of Iraq	41962,0	Al Ahlia Insurance	53.0
Iraqi Islamic Bank	38151,2	Al-Iraqiya for the manufacture and trade of cartoons	53.8
Baghdad Bank	30200,7	Al-Zawraa Investment	56.6
Baghdad for soft drinks	26392,5	Metal industries and bicycles	77.6
Islamic National Bank	26392,5	Dar Al Salam Insurance	116.0
Alshamal Bank	16201,1	Elaf bank	136.1
Ashur International Bank	15909,7	alkhalij Insurance	160.5
Table: The numbers of researchers based on the published trading reports for the year 2015			

Therefore, this aspect will be discussed through the following points.

First: Measuring creative accounting practices through "profit management" for Iraqi shareholding companies listed on the Iraqi Stock Exchange.

Second: Measuring the percentage change in the trading volume of the research sample companies.

Third: Analysis of the results of the field study to test the relationship between the creative accounting practices and the trading volume of the shares of the research sample companies and their interpretation.

The first topic dealt with the presentation of the results of measuring creative accounting practices through the application of "profit management" for the study sample companies, of companies listed in the Iraqi Stock Exchange for the period of 2015. The Securities Commission for the purpose of completing the measurement requirements, and to determine the extent of the practice of the sample companies to manage profits. The Iraqi joint stock companies listed in the Iraqi Stock Exchange were selected and were 20 companies (the ten most traded companies and the ten least traded companies in the market), provided that full data is available about them in the study period.

A model [22] was adopted to measure profits management, and here we explain the reasons for adopting this indicator for measurement, which are:

1. It is objective because it is adopted on a statistical basis, as it does not include estimating the expected income or some other variables necessary for measurement. It relies on actual data in order to avoid the possibility of error and personal judgments that may accompany making estimates, that is, it provides a clear measure of profit management.

2. It enables practitioners and regulators to easily verify and discover the use of companies in their profit management practices.
3. It is considered the latest among the profit management measurement models, in addition to its ease of application and ease of obtaining the information required in the application for its direct availability in the financial statements.

3. Results and discussion

3.1. Measuring creative accounting practices

After the sample was selected, the subject of the research, (Bank of Dar es Salaam was excluded for not submitting the financial reports for the year 2015), the necessary data were unloaded from the annual reports of the companies listed on the Iraq Stock Exchange, as Miller's measurement model was adopted through which we can study the relationship Between net cash flow from operating activities (CFO) and change in working capital (ΔWC), it represents a tool for discovering earnings management practices. These accounts can be modified to reach the target income sought by management, while net cash flow from operating activities (CFO) is an alternative measure of performance because it is less susceptible to manipulation compared to net income, as it is not affected by the effect of accrual. This percentage can be extracted according to the following law:

$$\text{Miller Ratio} = \Delta (\Delta WC / CFO)$$

Equation No. (1) explains the assumption that there is no profit management in the company:

$$(\Delta WC / CFO)_t - (\Delta WC / CFO)_{t-1} = 0 \dots\dots\dots (1)$$

Equation No. (2) explains the imposition of a profit management in the company:

$$(\Delta WC / CFO)_t - (\Delta WC / CFO)_{t-1} \neq 0 \dots\dots\dots (2)$$

The financial statements of the companies listed in the Iraqi Stock Exchange were approved for the sample subject of the research to draw conclusions for the year 2015.

$$1-EM = (WC / CFO)_{t-0} - (\Delta WC / CFO)_{t-1}$$

EM Profit Management:

Change in net working capital WC:

Net Operating Cash Flow (CFO):

current year t-0:

Previous year: t-1

The following laws were used to apply Miller's model:

Working capital = current assets - current liabilities.

Change in capital (WC) = working capital for the current year - working capital for the previous year.

Table 2. Measurement of profit management for Gulf Commercial Bank

Gulf Commercial Bank		
Statement	2014	2015
Current assets	764140233237	760989595237
Current liabilities	469176977902	487998540927
Working capital	294963255335	272991054310
Change in working capital		
Net cash flow from	-----	(21972201025)
operating operations	-----	10917418072
Miller Index for the current period	-----	(2.013)

Table 3. Measurement of profit management for United Investment Bank

United Investment Bank		
Statement	2014	2015
Current assets	488790613196	522926078716
Current liabilities	226561706339	259527046104
Working capital	262228906857	263399032612
Change in working capital		
Net cash flow from	-----	1170125755
operating operations	-----	75172459863
Miller Index for the current period	-----	0.016

Table 4. Measurement of profit management for National Bank of Iraq

National Bank of Iraq		
Statement	2014	2015
Current assets	600974725295	513359246592
Current liabilities	352548624015	275368264753
Working capital	24826101280	237990981839
Change in working capital		
Net cash flow from	-----	(10435119341)
operating operations	-----	(98154533839)
Miller Index for the current period	-----	0.106

Table 5. Measurement of profit management for Iraqi Islamic Bank

Iraqi Islamic Bank		
Statement	2014	2015
Current assets	452760901	457176240
Current liabilities	207585842	206572440
Working capital	245175059	250603800
Change in working capital		
Net cash flow from	-----	5428741
operating operations	-----	4345915
Miller Index for the current period	-----	1.249

Table 6. Measurement of profit management for Baghdad Bank

Baghdad Bank		
Statement	2014	2015
Current assets	1770087708	1493192477
Current liabilities	1535086127	1281048325
Working capital	235001581	212144152
Change in working capital		
Net cash flow from	-----	(22857429)
operating operations	-----	(316900783)
Miller Index for the current period	-----	0.072

Table 7. Measurement of profit management for Baghdad for soft drinks company

Baghdad for soft drinks		
Statement	2014	2015
Current assets	101173161080	117870541007
Current liabilities	7865089114	10227189696
Working capital	93308071966	107643351311
Change in working capital		
Net cash flow from	-----	14335279345
operating operations	-----	23660239365
Miller Index for the current period	-----	0.606

Table 8. Measurement of profit management for Islamic National Bank

Islamic National Bank		
Statement	2014	2015
Current assets	556826425368	701994855886
Current liabilities	277460419287	419043799368
Working capital	279366006081	282951056518
Change in working capital		
Net cash flow from	-----	3585050437
operating operations	-----	5709584910
Miller Index for the current period	-----	0.628

Table 9. Measurement of profit management for Middle East Fish Production and Marketing Company

Middle East Fish Production and Marketing Company		
Statement	2014	2015
Current assets	1078918626	1169956032
Current liabilities	491924190	454602746
Working capital	586994436	715353286
Change in working capital		
Net cash flow from	-----	128358850
operating operations	-----	(45874610)
Miller Index for the current period	-----	(2.798)

Table 10. Measurement of profit management for Al Ahlia for Agricultural Production

Al Ahlia for Agricultural Production		
Statement	2014	2015
Current assets	133525745	136667187
Current liabilities	34584654	39110778
Working capital	98941091	97556409
Change in working capital		
Net cash flow from	-----	(1384682)
operating operations	-----	39543802
Miller Index for the current period	-----	(0.035)

Table 11. Measurement of profit management for Ashur International Bank

Ashur International Bank		
Statement	2014	2015
Current assets	409192757	422705928
Current liabilities	166974236	181639999
Working capital	242218521	241056929
Change in working capital		
Net cash flow from	-----	(1161592)
operating operations	-----	59431362
Miller Index for the current period	-----	(0.019)

Table 12. Measurement of profit management for Eligibility for insurance

Eligibility for insurance		
Statement	2014	2015
Current assets	3119912967	3236661091
Current liabilities	440074268	694124477
Working capital	2679838699	2542536614
Change in working capital		
Net cash flow from	-----	(137302085)
operating operations	-----	(162357679)
Miller Index for the current period	-----	0.846

Table 13. Measurement of profit management for Al-Zawraa Financial Investment Company

Al-Zawraa Financial Investment Company		
Statement	2014	2015
Current assets	1427158522	1338431828
Current liabilities	119895944	106690755
Working capital	1307262578	1231741073
Change in working capital		
Net cash flow from	-----	(65521505)
operating operations	-----	99520398
Miller Index for the current period	-----	(0.659)

Table 14. Measurement of profit management for Dar Al Salam Insurance Company

Dar Al Salam Insurance Company		
Statement	2014	2015
Current assets	5254413209	5200622780
Current liabilities	780312105	266322509
Working capital	4474101104	4934300271
Change in working capital		
Net cash flow from	-----	460199167
operating operations	-----	(196395874)
Miller Index for the current period	-----	(2.343)

Table 15. Measurement of profit management for Alshamal Finance Bank

Alshamal Finance Bank		
Statement	2014	2015
Current assets	1417173605	775826086
Current liabilities	1163319179	521318246
Working capital Change in working capital	253854426	254507840
Net cash flow from operating operations	-----	653414 (585483980)
Miller Index for the current period	-----	(0.001)

Table 16. Measurement of profit management for Elaf Islamic Bank

Elaf Islamic Bank		
Statement	2014	2015
Current assets	288347071626	480274229226
Current liabilities	144764968767	259842973961
Working capital Change in working capital	143582102859	220431255265
Net cash flow from operating operations	-----	76849152406 84174598665
Miller Index for the current period	-----	0.913

Table 17. Measurement of profit management for Alkhalij Insurance company

Alkhalij Insurance		
Statement	2014	2015
Current assets	2662918123	2025319936
Current liabilities	749044521	127485379
Working capital Change in working capital	1913873602	1897834557
Net cash flow from operating operations	-----	(16039045) 104971666
Miller Index for the current period	-----	(0.153)

3.2. Discussion

After the data was unloaded and the (Miller Ratio) indicator was extracted for the companies listed in the Iraqi Stock Exchange (the study sample) and for the 2015 study period, the results showed that the companies listed in the Iraq Stock Exchange (the study sample) practiced profit management practices in varying proportions, as the results were For all companies, the (Miller Ratio Index value $\neq 0$) is absolute, as the ratio ranged above zero and below zero as Table 18 shows.

Table 18. Miller Ratio to measure earnings management practices

Comparison of the study sample companies for the year 2015		Comparison of the study sample companies for the year 2015	
The Company's name	Miller Index	The Company's name	Miller Index
middle east fish marketing	(2.798)	Gulf Bank Commercial	(2.013)
Ahlia for agricultural production	(0.035)	The United Investment Bank	0.016
Al Ahlia Insurance	0.846	National Bank of Iraq	0.106
Al-Zawraa Investment		Iraqi Islamic Bank	1.249
Dar Al Salam Insurance	(11.68)	Baghdad Bank	0.072
Elaf Bank	(0.913)	Baghdad for soft drinks	0.606
alkhalij Insurance	(0.153)		0.628
----	----	National Islamic Bank	(0.001)
----	-----	North Bank Ashur International Bank	(0.019)

It was shown in Table 18 above the results of the study sample companies for the year 2015, that the number of positive indicators (EM profit management) reached (8), and the negative indicators reached (8), reaching the highest level of the positive indicator of profit management (1,249). It was the share of the Iraqi Islamic Bank. Positive ratios express the management's desire to improve its reputation in the market in order to maximize the market value of its shares in order to improve the level of its shares prices or its desire to obtain financing. As for the lowest positive level, it reached (0.016) and it belonged to the United Bank for Investment.

As for the companies that reduced their profits, the results were negative, as the lowest level of negative (2.798) was for the Middle East Fish Marketing Company, and the highest level was negative (0.001) of the North Bank. Negative rates express the desire of the management or the owners of the company to reduce the value of the tax imposed by reducing the tax base on which the value of the tax deduction will be calculated, and extend it to avoid the political cost borne by those companies. It is clear from the foregoing that the research sample companies listed in the Iraq Stock Exchange practice creative accounting applications through the practice of profit management, and accordingly:

The first sub-hypothesis was accepted. The managements of joint stock companies operating in the Iraqi Stock Exchange practice creative accounting applications.

4. Conclusions

1. The methods and procedures of applying creative accounting practices contradict the general trend of accounting information because it achieves management goals at the expense of other parties.
2. The resort of companies operating in the Iraqi Stock Exchange to practice creative accounting applications is the presence of a set of motives and incentives, some of which are personal motives related to the interest of management in order to improve performance measures in a way that reflects a good image of the company's performance and increase its administrative incentives, and external motives such as influencing stock prices Reduce tax payments, reduce political costs.
3. Corporate management practices creative accounting applications through a set of mechanisms and methods through which it can influence the results of the company's operations according to its impact

on income, and thus it is not impartial information and does not honestly express the result of the business and the financial position.

4. There is a discrepancy in the means and methods used to apply creative accounting practices, and the most used and influential methods in the research sample companies are the administration's use of methods and methods related to accounting cost classifications and the classification of normal and unusual items and their maneuvering to influence profits.
5. The prevalence and spread of the practices of creative accounting applications raise doubts about the quality of the financial statements, and consequently a loss of confidence among the stakeholders of the users and preparers of the lists. The extent to which it is relied upon to make various decisions
6. The results of measuring the practices of creative accounting applications based on the Miller model (Miller 2007) showed that all the research sample companies listed in the Iraqi Stock Exchange practiced creative accounting applications at different rates during the research period. As the results of the joint stock companies for the study sample for the year 2015 reached the number of positive (EM) indicators of profit management (8), and the negative indicators reached (8), reaching the highest level of a positive indicator of profit management (1,249), which was the share of the Iraqi Islamic Bank. If the positive ratios express the management's desire to improve its reputation in the market with the aim of maximizing the financial values, then improving the price level for the shares of those companies in the financial markets or its desire to obtain financing. As for the lowest positive level, it reached (0.016), and it was for the United Bank for Investment, and the lowest negative level was (2.013) was the share of Al-Khaleej Commercial Bank, and the highest level was negative (0.001) Al-Shamal Bank. Negative rates express the desire of the management or the owners of the company to reduce the value of the tax imposed by reducing the tax base on which the value of the tax deduction will be calculated, and to avoid the political costs borne by these companies. This confirms the existence of a conflict in the interests of the parties related to the company, as it is in the interest of managers to reduce taxes and dividends, while the interest of shareholders is to maximize returns on investments and the management seeks to increase their various administrative compensation.
7. The application of creative accounting practices leads to a change in the volume of trading in shares in companies operating in the Iraqi Stock Exchange. The results showed that the percentage change in trading volume was positive for each of the companies "United Bank, National Bank of Iraq, Iraqi Islamic Bank, Bank of Baghdad", as was the percentage change in the trading volume of companies "Al Khaleej Commercial Bank, National Islamic Bank, Ashur Bank, Middle East Fish Marketing, Al Ahlia Agricultural Production, Al-Zawraa Investment, Dar Al Salam Insurance, Elaf Bank, Al Khaleej Insurance" were negative, that is, some The companies achieved an increase in their trading volume, while the other companies achieved a decrease in their trading volume. As a result of the practice of creative accounting.

Recommendations are the following:

1. Directing the attention of the management of the Iraqi Stock Exchange to publish the financial reports of the joint stock companies whose shares are listed in the market within the period specified in the legislation and instructions in force, not to delay in reporting them and to strive to correct an appropriate external communication system that ensures that appropriate and transparent information related to the company's activity reaches all parties relevant interests in a timely manner.
2. It is necessary to intensify efforts between the relevant authorities represented by the Iraqi Stock Exchange, the Accounting and Regulatory Standards Board in Iraq and the competent professional organizations for the purpose of increasing interest in facing obstacles to the application of transparency of financial reporting.
3. Finding compatibility between the local rules, legislation and instructions issued by the relevant parties with part of the transparency requirements in international financial reporting, and seeking to confirm

the companies' commitment to those rules and legislation on the one hand, and on the other hand, their reporting of non-financial information.

4. Activating the legal and judicial systems to protect the rights of investors and other parties from opportunistic practices pursued by the management of companies by imposing physical and moral penalties on those companies.
5. Awareness of users of financial reports in general, and investors and lenders in particular, of the effects and repercussions of creative accounting applications in their economic decisions and their role in reducing integrity, rampant corruption and opportunistic behavior of management through educational seminars and programs.
6. The use of statistical methods and models (especially Miller's model) by auditors to reveal the applications of creative accounting practices, as it is an effective tool and a good means that can be added to other procedures that it uses.

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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