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THE ROLE OF ACCOUNTING DISCLOSURE IN IMPROVING STOCK PRICES AND MAXIMIZING THE MARKET VALUE OF THE COMPANY (APPLIED STUDY IN A SAMPLE OF IRAQI INDUSTRIAL COMPANIES)

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ABSTRACT:

The research aims to clarify the role of accounting disclosure in improving stock prices and maximizing the market value of the company, with an indication of the role of accounting information in making financial decisions for users, whether they are from within the company or from outside. The research sample is represented by a group of accountants, administrators and auditors working in these companies for the data of the year 2020. A questionnaire was designed and distributed to the members of the research sample, and a set of statistical methods were used to analyze the data. The research reached a set of conclusions, the most important of which was that the accounting disclosure limits helps in improving stock prices and thus increases the market value of the company in a way that is consistent with the various environmental changes.

RESEARCH PROBLEM:

The research problem relates to how joint stock companies are committed to accounting disclosure in a way that meets the needs of users, whether they are internal or external, to improve stock prices and maximize the market value of the company...

IMPORTANCE OF THE RESEARCH:

The importance of the research stems from the importance of accounting disclosure because of its importance to external parties that do not have the authority to obligate the company to provide the necessary data to take their decision models, and this has an impact on stock prices and the market value of the company.

RESEARCH OBJECTIVES:

The research aims to clarify the role of accounting disclosure in improving stock prices and maximizing the market value of the company, with an indication of the role of accounting information in making financial decisions for users, whether they are from within the company or from outside.

RESEARCH HYPOTHESES:

1. The accounting disclosure helps in improving the share prices of Iraqi industrial companies.
2. The accounting disclosure helps in maximizing the market value of the Iraqi industrial companies.

The Concept and Importance of Accounting Disclosure:

Accounting disclosure is seen as the process of showing quantitative and descriptive financial information in the financial statements or in the margins, notes and complementary tables in a timely manner, making the financial statements not misleading and appropriate for its users from external parties who have no authority to review the company's books and records (Mahmoud, 2010: 172).

The accounting disclosure is also seen as attaching notes to the financial statements that deal with a clarification of the information on the items contained in the heart of the statements in order that the financial statements are not misleading (Tawfiq, 2009: 125). Thus, accounting disclosure is the presentation of important information to investors, creditors and other beneficiaries in a way that allows prediction of the facility's ability to achieve profits in the future and its ability to pay its obligations (Jawad, 2012: 42).

Accounting disclosure is a broad enough topic to say that it includes the whole field of financial reports and there are many studies and literature on the subject of disclosure, some of them look at disclosure as showing the financial statements of all the basic information of interest to the external groups about the project so as to help them to make rational decisions (David, 2003 :337).

The importance of disclosure emerged as a result of the fact that external parties often do not have the authority to compel the economic unit to provide the necessary data to make their decision models, and thus disclosure makes dealing in the financial market more fair (Cathy, et.al., 2011:99-100).

Accounting disclosure helps in providing accounting data and information to its users in a complete, correct and appropriate manner in order to help them make decisions. It can also be defined as publishing the necessary accounting data or information provided that this information is not misleading and does not affect the efficiency of the information contained in the financial reports (Omaima, 2009 ,80).

Accounting Disclosure Entries:

There are two main entrances to the accounting disclosure, and these two entrances can be clarified as shown in the following: (Omaira, 2009:80)

First: the precautionary approach: everything that makes it not misleading to stakeholders is disclosed in the financial reports. This is the rule, but it is a traditional expression for disclosure in accounting. It is known as the precautionary disclosure, which aims to protect the financial community, in particular the ordinary investor, who is limited in terms of the ability to use financial information.

Second: The educational approach: This approach emerged as a result of the increasing importance of one of the main characteristics of the information, which is the appropriateness of the accounting information for decision-making purposes (Al-Sadiq and Obaid, 2007: 15), and the accounting disclosure is classified according to this entry into the following:

1. Adequate disclosure: This disclosure includes specifying the minimum required to be available from the accounting information in the financial statements (Moir, 2014:12).
2. Comprehensive disclosure: This disclosure refers to the comprehensiveness of the financial reports and the importance of covering any information that has a significant impact on the reader (David, 2003: 338).
3. Fair disclosure: This disclosure is concerned with the balanced care of the needs of all the beneficiary parties (Clodia & Francesco, 2011:4).

Adequate disclosure is more widely used because of its impact on investors' decisions and contributes to publicity of the establishment's bearing the burdens of social responsibility, but it assumes the minimum information that must be disclosed (Clodia & Francesco, 2011:4).

Factors Affecting the Accounting Disclosure:

There are a number of factors that affect the degree of disclosure in financial reports, which can be clarified through the following: (Walid, 2010: 26)

1. Factors related to the economic unit: one of these factors is the size of the economic unit, as the preparation and accurate extraction of accounting information requires direct costs resulting from preparing the financial statements and indirect costs resulting from revealing all information about the project to competing companies (Abdul Malik, 2007: 66).
2. The political system: This factor has a prominent impact on accounting, as the nature of the accounting system is one of the reflections of political thought and goals. There is no doubt that political stability greatly affects the commercial movement and thus the preparation of financial

statements, as well as the type of political system followed (Al-Khatib, 2017: 28).

3. Environmental factors: Financial reports differ from one country to another for reasons related to environmental changes and their impact on the project for the purpose of comparing economic units with each other and determining the social responsibility of each.

4. Information related factors: The degree of disclosure in financial reports is affected by the information that is disclosed and the extent to which a number of characteristics are available to judge its efficiency, the most important of which is that the information is appropriate to the decisions that most of the beneficiaries will take.

5. Culture: What is meant by this factor is the folklore of a society, or it is the norm prevailing in a society, and these matters affect the policy followed by the administration in preparing the financial statements of its economic unit (Al-Salihi, 2015: 53-54).

6. Social climate: This factor means the society and its attitude towards the economic unit, i.e. the extent to which the intellectual beliefs of individuals influence the decision-making process related to the economic unit, and consequently their attitudes towards the economic unit. The position of the users of the financial statements is reflected in the level of disclosure in the financial statements, increasing or decreasing.

The community members' support for the economic unit and their desire to invest in it or the demand for its products or services, prompts them not to ask the economic unit for the details it follows, but if there is investment and the level of trust in the company has decreased (Matar, 2013: 27).

The Relationship Between The Accounting Disclosure And The Share Price And Its Reflection On The Market Value :

The responsibility for preparing and presenting the financial statements of the facility lies primarily with its management. The management is also concerned with the information contained in the financial statements, although it has access to additional financial and administrative information that enables it to perform its basic functions in the areas of planning, decision-making and control, and thus help in raising the share price. The company (Philip, 2011, 205).

The administration is considered able to determine the form and content of this additional information so that it meets its own information needs. The report on such additional information is outside the scope of this framework. However, the published financial statements depend mainly on the information used by the administration on the financial position and performance evaluation (Moir, 2014: 13).

The purpose for which the accounting information will be used is related to the appropriateness feature, as the latter is an essential element. Therefore, before deciding whether the information is appropriate or inappropriate for the user, the purpose for which it will be used must be determined in order to influence the share price and thus affect the market value (Al-Khatib, 2017: 159-161).

In this regard, the two views of the American Institute of Certified Public Accountants and the American Accountants Association converge. The association expressed its view on this by text in one of its reports as follows: While relative importance may be considered as a quantitative standard that determines the volume or quantity of accounting information that must be disclosed, Suitability The qualitative standard that determines the nature or type of accounting information to be disclosed (Matar, 2013: 122)

Also, effective disclosure of accounting information requires an appropriate timing to carry out the disclosure process. The Accounting Principles Board has stressed the importance of this element in the disclosure process, because the timely delivery of accounting information helps the decision maker to make his decision in a timely manner, as the delay in communicating the information to the beneficiary may affect his decision in order to help raise the share price and thus maximize the market value (Tawfiq, 2009: 33).

The Population and Sample of The Research and The Statistical Methods Used:

The research community consists of individuals working in Iraqi industrial companies, including administrators, accountants, auditors and financial analysts. As for the research sample, (90) people were selected from the community members. A questionnaire was distributed to them, and (85) valid questionnaires were retrieved for analysis, which represents a percentage of (94.4%), which is a reasonable percentage compared to similar research. The questionnaire was used as one of the research tools, and the questionnaire was divided into two areas, the first field explains the relationship between accounting disclosure and stock prices, and it consists of (6) paragraphs, while the second field shows the relationship between accounting disclosure and the value of the company, and consists of (6) paragraphs.

For the purpose of ensuring the stability of the questionnaire paragraphs, the researcher performed the stability steps on the same exploratory sample in two ways: the half-segmentation method and the alpha-Cro-Nbach coefficient. Therefore, the Pearson correlation coefficient was found between the average of odd-ranked questions and the rate of even-ranked questions for each dimension. The correlation coefficients were corrected using The Saberman-Brown correlation coefficient for correction, and Table (1) shows that there is a relatively large stability coefficient for the paragraphs of the questionnaire, which reassures the researcher to use the questionnaire with all reassurance.

Table (1) The stability coefficient using the split-half method

Axis address	split half			
	number of paragraphs	correlation coefficient	Corrected correlation coefficient	probability value
The relationship between accounting disclosure and stock prices	6	0.855	0.731	0.000
The relationship between accounting disclosure and company value	6	0.804	0.643	0.000
all paragraphs	12	0.829	0.687	0.0

This method was also used to measure the stability of the questionnaire, and Table (2) shows that the reliability coefficients are high, which reassures the researcher of the use of the questionnaire.

Table (2)
Stability coefficient using Cronbach's alpha method

Axis address	number of paragraphs	Cronbach's alpha coefficient
The relationship between accounting disclosure and stock prices	6	0.886
The relationship between accounting disclosure and company value	6	0.824
all paragraphs	12	0.855

Source: prepared by the researcher.

To achieve the objectives of the research and analyze the collected data, many appropriate statistical methods were used using the Statistical Packages for Science (SPSS), as the data was encoded and entered into the computer, according to the five-year Likert scale, and to determine the length of the period of the five-year Likert scale (lower and upper limits). The user in the search axes. The frequencies and percentages were also calculated to identify the personal characteristics of the research vocabulary and to determine the responses of its members towards the main axes phrases included in the research tool. In addition, the arithmetic mean was used to find out the extent of the high or low responses of the study members to each of the phrases of the basic study variables, knowing It is useful for arranging the phrases according to the highest arithmetic mean. In addition to using the standard deviation to identify the extent of the deviation of the responses of the study members to each of the expressions of the study variables and for each of the main axes from its arithmetic mean. Finally, the one sample T test was used to

find out the difference between the paragraph average and the neutral average of three degrees.

Testing The Research Hypotheses:

During this section, the research hypotheses will be tested as follows:

Testing The First Hypothesis:

The first objective states the following: (The accounting disclosure helps in improving the share prices of Iraqi industrial companies), and the paragraphs of this hypothesis can be analyzed using a set of statistical tools, as shown in the following table:

Table (3)
Analysis of the first paragraphs of the hypothesis

N.o	Paragraph	Arithmetic average	standard deviation	t. value	probability value
7	Increasing the degree and clarity of the application and disclosure of accounting policies helps in improving stock prices	4.215	0.422	32.12	0.000
8	The share prices of industrial companies can be improved by increasing the credibility of the company's dealings with customers	4.004	0.396	28.15	0.000
9	Compliance with the requirements of accounting measurement and disclosure in accordance with the requirements of the modern business environment will help in improving stock prices	4.324	0.418	23.58	0.000
10	The management's forecasts for the future and their periodic disclosure can help in improving stock prices	3.516	0.358	28.16	0.000
11	The accounting	3.889	0.346	26.59	0.000

	disclosure can help support the continuity of the company and thus improve stock prices				
12	Adhering to the appropriate timings for accounting disclosure will help support users' decisions and thus improve industrial companies' share prices	3.613	0.344	21.04	0.000
	all paragraphs	3.927	0.381	26.60 7	0.000

Source: prepared by the researcher

It is noted from the above table, that the paragraph (increasing the degree and clarity of the application and disclosure of accounting policies helps in improving stock prices) has obtained an arithmetic mean (4.215) and a standard deviation (0.422) and the value of t was (32.12), either a paragraph (can improve prices of shares) The shares of industrial companies by increasing the credibility of the company’s dealings with customers) obtained an arithmetic mean (4.004) and a standard deviation (0.396) and the value of t was (28.15), while the paragraph (compliance with the requirements of measurement and accounting disclosure in accordance with the requirements of the modern business environment will help improve prices Stocks) I got an arithmetic mean (4.324) and a standard deviation (0.418) and the value of t was (23.58), either a paragraph (the management’s predictions for the future and periodically disclosing them can help improve stock prices) I got an arithmetic mean (3.516) and a standard deviation (0.358) and the value of t was (28.16), and the paragraph (that the accounting disclosure can help support the continuity of the company and thus improve stock prices) got an arithmetic mean (3.889) and a standard deviation (0.346) and the value of t was (26.59), and finally a paragraph (The commitment The appropriate timing for the accounting disclosure will help support users' decisions and thus To improve the prices of shares of industrial companies) I got an arithmetic mean (3.613) and a standard deviation (0.344) and the value of t was (21.04).

Thus, the arithmetic mean of the total paragraphs was (3.927) with a standard deviation (0.381) and the value of t was (26.607), and therefore it can be said (the accounting disclosure helps in improving the prices of shares of Iraqi industrial companies), as increasing the degree and clarity of the application and disclosure of accounting policies helps In improving stock prices, and industrial companies’ stock prices can be improved by increasing the credibility of the company’s dealings with customers. Also, adhering to the requirements of measurement and accounting disclosure in accordance with the requirements of the modern business environment will help in improving stock prices, and the management’s predictions for the future and their

periodic disclosure can help in improving stock prices. Improving stock prices, and accounting disclosure can help support the company's continuity and thus improve stock prices, and adherence to the appropriate timings for accounting disclosure will help support users' decisions and thus improve industrial companies' stock prices, and thus the first hypothesis has been proven.

Testing The Second Hypothesis:

The second hypothesis states the following: (The accounting disclosure helps in maximizing the market value of the Iraqi industrial companies), and the paragraphs of this hypothesis can be analyzed through the following table:

Table (4) Paragraph analysis of the second hypothesis

N.o	Paragraph	t. value	standard deviation	Arithmetic average	probability value
7	The obligation to disclose the laws and the extent of the company's compliance with them can help in maximizing the market value	31.28	0.628	4.519	0.000
8	The auditor's obligation to disclose the accounting policies and methods of assessment and evaluation applied helps in maximizing the market value of the company	15.79	1.775	3.887	0.000
9	Accounting disclosure helps in rationalizing the decisions of internal and external users, and thus help in maximizing the market value	17.93	0.568	4.024	0.000
10	Accounting disclosure helps support the continuity of the company and keep pace with environmental developments, thus maximizing the market value of this company	25.58	0.893	3.502	0.000
11	Accounting disclosure helps in gaining the confidence of both suppliers and customers, and thus helps in maximizing the market	32.83	0.752	4.004	0.000

	value of the company				
12	The obligation to disclose the laws and the extent of the company's compliance with them can help in maximizing the market value	16.38	0.665	4.118	0.000
	all paragraphs	23.298	0.880	4.009	0.000

Source: prepared by the researcher.

It is noted from the above table, that the paragraph (the obligation to disclose the laws and the extent of the company's commitment to them can help in maximizing the market value) obtained an arithmetic mean (4.519) and a standard deviation (0.628) and the value of t was (31.28), either paragraph (If The auditor's commitment to disclose the accounting policies and the applied assessment and evaluation methods helps in maximizing the market value of the company) I got an arithmetic mean (3.887) and a standard deviation (1.775) and the value of t was (15.79), while the paragraph (Accounting disclosure helps in rationalizing the decisions of internal and external users and thus Help in maximizing the market value) I got an arithmetic mean (4.024) and a standard deviation (0.568) and the value of t was (17.93), either a paragraph (accounting disclosure helps support the continuity of the company and keep pace with environmental developments and thus maximize the market value of this company) I got an arithmetic mean (3.502) and a standard deviation (0.893) and the value of t was (25.58), and a paragraph (accounting disclosure helps in gaining the confidence of both suppliers and customers and thus help in maximizing the market value of the company) got an arithmetic mean (4.004) and a standard deviation (0.752) and the value of t (32.83), and finally just (The obligation to disclose the laws and the extent of the company's commitment to them can help in maximizing the market value) got an arithmetic mean (4.118) and a standard deviation (0.665) and the value of t was (16.38). Thus, the arithmetic mean of the total paragraphs was (4.009) with a standard deviation (0.880) and the value of t was (23.298), and therefore it can be said (the accounting disclosure helps in maximizing the market value of the Iraqi industrial companies), as the obligation to disclose the laws and the company's commitment to them can It helps in maximizing the market value

The auditor's commitment to disclose the accounting policies and the applied assessment and evaluation methods helps in maximizing the market value of the company, and the accounting disclosure helps in rationalizing the decisions of internal and external users, thus helping in maximizing the market value, and accounting disclosure helps in supporting the company's continuity and keeping pace with environmental developments and thus maximizing the market value of these The company, and the accounting disclosure helps in gaining the confidence of both suppliers and customers and thus help in maximizing the market value of the company. The commitment to disclose the laws and the extent of the company's commitment to them can help in maximizing the market value, and thus the second hypothesis has been proven.

FOURTH TOPIC: CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS:

1. Adequate disclosure is more widely used because of its impact on investors' decisions and contributes to publicity of the economic unit bearing the burdens of social responsibility.
2. Accounting disclosure is the provision of accounting data and information to its users in a complete, correct and appropriate manner, in order to assist them in making decisions.
3. There are many factors that affect the degree of disclosure in financial reports, which are environmental factors, others related to financial information, and factors related to the economic unit.
4. The responsibility of preparing and presenting the financial statements rests with the administration, which is concerned with the appropriate information for planning, decision-making and control, and thus helping to raise the share price of the company.
5. The published financial statements depend mainly on the information used by the management, which positively affects the market value of the economic unit.

RECOMMENDATIONS:

1. The necessity for financial companies operating in Iraq to abide by the rules of international transparency and integrity when publishing the financial statements.
2. Paying attention to training managers on accounting and auditing standards, rules of professional conduct and wrong accounting practices to identify the manifestations of manipulation in the financial statements.
3. Activating the continuous professional training programs to raise the status of the accounting and auditing profession and work to provide the appropriate information that users need.
4. The necessity of companies' commitment to publish accounting disclosure forms because of their special importance on the high level of transparency and thus increasing the efficiency of the market.
5. Paying attention to adequate disclosure of accounting data because of its impact on investors' decisions in a way that helps increase the market value of the economic unit.

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