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Article

Impact of IAS IFRS on Reducing Information Risk and Enhancing Financial Performance in Iraq

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Abstract: This study investigates the recent implementation of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in Iraq, highlighting its impact on enhancing information quality, reducing risk, and improving financial performance efficiency. The interconnected system of these standards ensures operational efficacy and provides accurate, relevant information for informed decision-making. Despite these benefits, information quality poses a risk unless specific attributes are met, affecting financial performance and information accuracy. The study identifies a positive relationship between lower information risk and higher accounting performance, supported by a significant T-test result (computed value: 12.062, tabulated value: 2.82). This research aims to evaluate the effects of IAS/IFRS adoption on information risk and accounting performance, using hypothesis testing to validate findings. The results underscore the importance of rigorous standards in mitigating information risk and enhancing financial outcomes.

Keywords: Accounting Performance Efficiency, Information, Information Risk.

1. Introduction

The economic institution's position, together with the evolving environment and competitive pressures, compels it to strive for favorable outcomes in order to preserve its longevity and existence. In order to accomplish this, it leverages diverse resources by optimizing performance in areas such as commercial, production, individual, and financial domains. The latter serves as a reflection of its entire performance. The indicator remains a reliable reflection of the institution's state as it relies on quantitative information.

Information is now a crucial element in production, playing a vital role in determining a company's effectiveness and efficiency. Therefore, it is necessary to utilize the most basic information and ensure its accuracy, as well as assess the risks associated with it. This includes both external information obtained from sources such as competitors, laws, and consumers, as well as internal information about the company's activities through reports. The performance of each job and its financial role within the organizational structure is to optimize the utilization of cash in order to achieve specific financial targets and overall corporate goals.

This job and duty allow it to furnish management with diverse information. The accounting information system provides a comprehensive overview of numerous events and the information inside it. This assists management in making timely and informed choices by evaluating their performance. The accounting information has garnered significant attention from experts due to its inherent value. Several studies possess a higher

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level of interest due to their superior quality, making them more valuable for decision-makers.

2. Materials and Methods

Methodology. The researchers utilized descriptive analytic methods to examine the correlation between performance level and the determination of information risk arising from information asymmetry. Hypothesis. The hypothesis states that strong accounting performance decreases the level of information risk included in a company's reporting, hence improving the efficiency of the financial market.

3. Results

The concept of performance encompasses all forms of communication, and the term used to identify performance comes from a Latin phrase meaning job completion or "how it is transmitted, referring to the organization of its aims," from which the English word is derived." "Achieving a goal" is defined linguistically by the performance [1]. Performance is often understood as the institution's ability to effectively fulfill its objectives and maintain its sustainability. This idea is universally accepted, since individuals often describe performance as a measure of capability. The Foundation is dedicated to attaining its long-term objectives, as demonstrated by the notion that the attention has been directed towards them [2]. Management is a multifaceted field that has three distinct meanings: According to Muda et al. [3], performance is not synonymous with success; rather, it is a component or indicator of success.Comma Performance, as defined by institutions and circumstances, is the outcome of an activity. It is an assessment of the achieved outcomes. Performance is not a static result that occurs at a certain moment, but rather an ongoing process [4].

From an administrative perspective, performance is determined by two factors: the attainment of favorable outcomes in the activity and the correlation between those outcomes and the path to success, which spans throughout the many phases of the task. From an economic perspective, performance encompasses several aspects, including efficiency (which relates to costs) and effectiveness. Performance is a measure of how well tasks are accomplished, The idea of performance should not be restricted to the human resource side alone, as an organization's ability to accomplish its goals depends on how well its diverse resources work together [5].

There are several categories of performance: The categorization of performance, along with other categorizations connected to economic events, presents the challenge of selecting a specific and pragmatic criterion that may be employed to distinguish various types. Performance, in essence, is closely tied to objectives [6]. Regarding the categorization of performance: Inclusiveness refers to the division of performance into different components. The overall performance of an institution is a result of the contributions made by all its parts, functions, or sub-systems. It cannot be attributed only to one element without considering the contributions of the others. Within this performance context, one might discuss the degree to which the organization attains its overarching objectives, such as sustainability, profitability, and expansion. Secondly. Part performance refers to the achievement of certain goals at the sub-system level inside a business. It may be categorized into many forms based on the criteria used to split the pieces of the firm.The citation "Donelson et al, [7]" refers to a source written by Donelson and colleagues in 2017, specifically on page 225.

The original text is: Based on this criterion, the performance of the enterprise may be categorized into two types: both the exterior and internal performance. When a company uses its own resources to accomplish performance, it is referred to as operating internally.

It is mostly caused by the following: Human performance is the sum of a person's skills and accomplishments within an organization. These people are viewed as important resources who, by skillfully using their strengths, may help the organization succeed. This management of human performance can lead to a competitive advantage and the creation of value [8].

The institution's capacity to efficiently utilize its investments and achieve strong financial performance depends on its efficient mobilization and utilization of available financial resources. External performance refers to the outcomes that arise from external factors impacting the institution's operations. It is not directly caused by the institution itself, but rather generated by external influences. This type of performance typically reflects positive results for the institution, such as increased business volume due to higher selling prices or successful exits. The competitors have achieved a higher value added compared to previous year as a result of decreased pricing of materials, suppliers, and services. These changes have had an impact on their performance, either favorably or negatively.

Accounting performance: It is the performance that results from the company's accounting system and its content depends on the level of accounting disclosure and transparency. In addition, accounting performance is evident in its tool represented by financial reports and their efficiency by containing useful information that has qualitative characteristics, and this in itself contributes to strengthening the investor's decision [9].

These reports are also based on the company's trends. If that company applies IFRS, it adds value to it and thus makes the information contained in it more efficient and accurate, which achieves a high market value, enhances its position in the financial market and competitors, and also reduces the risks resulting from that [10].

Examining how information risk affects the effectiveness of financial markets and evaluating : The consequences of ineffective markets. Prices in an efficient market promptly and precisely incorporate new information. In a highly efficient market, prices exhibit volatility and unpredictability. If the pricing does not precisely reflect the information, it suggests a disparity between the timeliness of when the information is received and when it is reflected in prices. Some investors take advantage of its transitory nature to achieve significant profits [11]. These investors have no profit margins. In this situation, the capacity to predict prices, referred to as efficiency, leads to a decline in trust within the financial system, ultimately causing a slow collapse. Open parenthesis The lack of information creates opportunities for a select few dealers to engage in unfair transactions by taking advantage of information that is not available to others. By having access to important unpublished information before others, these dealers can make significant profits [12].

Disclosure's Importance in mitigate information asymmetry by providing relevant information to both internal and external stakeholders. This enhances the financial market's capacity to accurately assess stock prices, promote trade, and facilitate market participation.. The quotation given is incomprehensible and lacking in context. This will lead to a decrease in operational costs, a rise in revenues, and overall benefits to the national economy. Through the optimization of market operations, each participant endeavors to attain their individual objectives while maintaining market equilibrium [13]. Multiple studies have examined the motivations behind corporate governance's efforts to enhance market efficiency through the public release of accounting information. This is done in order to instill confidence in the accuracy of the released data, with the backing of the External Auditor's report. There are three hypotheses that elucidate the behavior of management about disclosure: According to this theory, all parties involved exhibit economic rationality as they aim to minimize Agency costs by entering into contracts with each other to prevent one party from exploiting another. The level of disclosure increases as the company grows in size, has a higher proportion of external debt, and exercises greater control. Managers are responsible for handling company affairs, whether they are related to business operations or other aspects. The citation is from Uwajumogu's [14] in 2019, specifically on page 76. The concept of opportunistic behavior: This theory posits that managers' opportunistic behavior influences their selection of accounting methods and disclosure practices. Specifically, Managers employ accounting practices that increase present financial gains at the expense of future periods in order to optimize their ownership wealth and incentives [15].

4. Discussion

Discussion and analysis Conduct a thorough examination of the outcomes and evaluate the viability of the theory put forth. The organization needs to make an effort to improve its financial standing in order to respond to shifts in its dynamic environment. To do this, one must first evaluate the financial performance to determine its present condition and correct any imbalances that may occur. Numerous indicators are used to evaluate financial success: Financial balance indicators include working capital, working capital demands, and financial statistics related to liquidity, activity, debt, profitability, and marginal techniques. The two primary components taken into consideration in the accounting economic evaluation are the standard economic value added and the market value-added standard. These standards are assessed using the conventional financial market as they accurately reflect owners' wealth [16]. The provision of information is required in order to carry out the evaluation procedure. The primary and most important source of information is thought to be the accounting data produced by the accounting information system. As a communication tool, the accounting information system is important. And the table used to compute the results. It is essential to recognize the significance of the International Accounting Standards because they seek to generate accounting information that is characterized by appropriate and reliable attributes.

This section of the study presents the analysis of the questionnaire results obtained from a sample of 144 individuals. The aim is to examine the correlation between the effectiveness of a company's accounting performance and its ability to mitigate the risk associated with the information presented in financial reports. The results were elucidated by employing percentages, arithmetic mean, and standard deviation, with the constraint that the values of the standard deviation were restricted to this range. The axis lies within the range of (1.02 – 0.87), which are relatively diminutive values, suggesting that the replies are homogeneous. By comparing the average value of each question with the expected average value, it is evident that most of the sample's responses lean towards agreement or total agreement [17].

Table 1. Shows the analysis of sample test results

Q	Items	Stand.Dev.	Mean
1	The financial reports resulting from accounting performance reflect all the information available to joint stock companies listed in the capital market	0.87	3.54
2	The level of disclosure and transparency of companies affects their financial reports and reduces the risk of information to stakeholders in making their decisions.	1.02	4.00
3	The quality of accounting information provided by joint stock companies included in their financial reports resulting from their accounting performance affects the response of potential investors.	1.01	3.62
4	The speed of communicating accounting information by companies to stakeholders affects the reduction of information risk.	0.93	2.66
5	Accounting performance based on accounting standards contributes to providing information that reduces the risk to decision makers.	0.98	4.22
6	The application of accounting standards related to disclosure and transparency affects the enhancement of accounting performance and reduces the risk of the information contained in its reports.	0.89	4.28
7	Good accounting performance contributes to raising the company's value and enhancing its competitiveness, thus reducing risks.	0.98	4.14
8	The application of accounting standards related to interim financial reports affects the speed of communicating information and reducing its risk.	1.01	4.26

The following is clear from the table above: Companies with good accounting performance have financial reports with sound and useful information, and thus this reduces their risk to stakeholders. The efficiency of accounting performance reflects the extent to which companies respond quickly and simultaneously to reduce risks with the issuance or emergence of any new information, whether it is Accounting information or other information. It is noted that the average answer is represented by the effect of the level of disclosure and transparency of companies in their financial reports resulting from their performance. It reduces the risk of information to stakeholders regarding their decision-making, as the arithmetic average reached 4.00. This supports the agreement of the sample, and this makes that companies that adopt accounting standards International Bank's accounting performance improves, and consequently its financial reports and the information they contain improve, and this is consistent with the answer to the paragraph. The application of accounting standards related to disclosure and transparency affects enhancing accounting performance and reducing the risk of the information contained in its reports, as it obtained the highest arithmetic average of 4.28 with complete agreement As in the following figure.

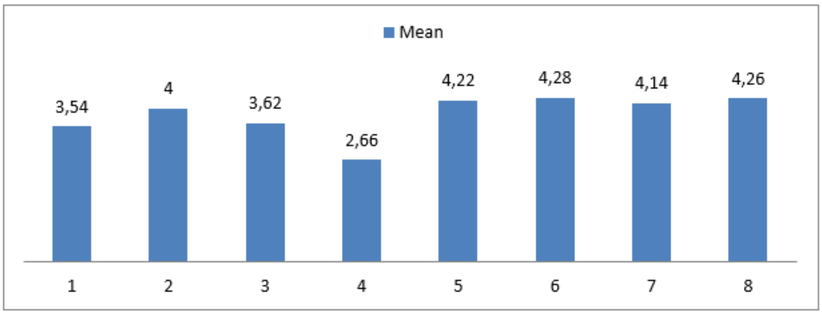

Figure 1. Shows the answers to the questions

As a result of the above, it can be said that there is a direct relationship between the improvement in accounting performance resulting from the application of IFRS and the contents of companies' reports resulting from it and information risk. Therefore, the research hypothesis can be accepted, as in the table:

Table 2. Hypothesis testing

Hy	N	R	T-test (calculated)	T-test (tabulation)
1	144	0.923	12.062	2.82

5. Conclusion

The researchers conclude that accounting performance is part of the financial performance of the company as a whole and that financial reports are a result of accounting performance. The better the performance, the more the reports express the reality of its financial position, and this depends on the application of international standards and sound foundations, in addition to that the report that includes good performance contributes to Providing useful information that is relevant and faithfully represented, as well as includes predictive and confirmatory value, free of errors, and can be compared and verified. It is also concluded that useful information reduces the risk of information that results in wrong decisions and leads to a loss of confidence in the company.

It is concluded that there is a positive effect between accounting performance and information risk, as the higher the accounting performance, the lower the information risk. This is consistent with the hypothesis test, where the value of T-test (calculated) 12.062 was greater than the T-tabulated 2.82 , and thus accepting the hypothesis that good accounting performance reduces the information risk contained in the company's reports, and therefore It enhances the efficiency of the financial market.

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