

Al - Ghari

Journal of Economic and Administrative Sciences

is a double-blind peer review quarterly
scientific journal

published by Faculty of Administration
and Economics / University of Kufa

Volume (16), Issue. (1) March, 2019.

We draw the attention of our readers
and reporters of our Journal
To email us at the following address:
algharee.mang@uokufa
ISIN: 194-0947

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شهادة رقم (463-2017)

معامل التأثير العربي

مجلة الغري للعلوم الاقتصادية والإدارية

ISSN: 1994-0947

قد حصلت على معامل تأثير لعام 2016 وقدره 1.15

الأستاذ الدكتور محمود عبد العاطي

مدير مشروع معامل التصنيف العربي

19 فبراير 2017 م



Republic Of Iraq
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جمهورية العراق
وزارة التعليم العالي
والباحث العلمي

كافة البحث والاعلام

بأمر من
الجامعة العراقية
البيروتية

بأمر من
الجامعة العراقية
البيروتية

الى / مجلة الغري للعلوم الاقتصادية

بأيماني لا يسخ من لدن هذه الوزارة بأن العلم هو الأساس في كل تقدم
وإن ذهاري وربي وتعديداً مناً لجهودكم الحثيثة والمخلصة المبذولة في
خدمته التعليم العالي والبحث العلمي من خلال شتمتكم
لأفضنا، حملاً، علمية محكمه، بهذا يصكم أجمل تهايناً متمنين لكم
دوام المؤفعية والنجاح في خدمة العراق وهو يتطلع إلى بناء جدي
أساسه المسجبة والأخاء والمساواة بين مواطنيه.

والله الموفق .س

الأستاذة نازك عبد الله الموسوي

رئيسة اللجنة العليا للدراسات والبحوث

٢٠١٤ / ٥ / ٨

Republic Of Iraq
Ministry of Higher Education &
Scientific Research
Research & Development



سنة ١٤٤١ هـ

بسم الله الرحمن الرحيم

جمهورية العراق
وزارة التعليم العالي والبحث العلمي
كافة البحث العلمي

الى / مجلة الغري للعلوم الاقتصادية والادارية / جامعة الكوفة

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والله الموفق .س

الأ. د. فهد هادي محمد
مدير الوزارة لشؤون البحث العلمي





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The title of the research should be listed on the first page and the full name of the researcher, his scientific title and place of work.

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Economic Research



The Internal Government Debt and its Impact on the Indices of Trading the Financial Market in Iraq for the Period (2012-2016)

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Abstract

Financial markets can be considered as basic pillars for the development of economic life. They activate the national economy because they are important in mobilizing national savings and guiding them in investment fields that support the national economy that leads to increasing the welfare of citizens. The importance of the study comes from the rapid and successive developments that the international financial markets achieved, which called for the need to keep cope with these developments by conducting accurate scientific studies on the reality of financial markets in developing countries in general and Arab countries in particular and identifying some economic variables that affect the performance and development of financial markets. As the financial markets in developing countries suffer from a great delay compared to the developed countries, it is necessary to find ways and means to help these markets to cope with developments in the international financial markets. From this point of view, this study aims at clarifying and revealing the effects of changes in internal government debt as an independent variable on the financial market trading indices (market value, trading volume and general index) as dependent variables. The study is based on the hypothesis that there is no relationship of effect and correlation with moral significance for internal government debt in the financial market through its trading indices.

Introduction:

The stock market plays an important role in economic life, as well as the most important channels that finance institutions in various sectors. The financial markets also activate the national economy because they are important in mobilizing national savings from savers and providing them to investors to finance their investments. Investment financing channels are referred to as women reflective of economic activity, in addition to the financial markets to find a database used by the researcher of high-return projects. The development of financial markets has historically been linked to the economic and industrial development witnessed by most countries in the world, especially the capitalist countries. As a result of



the correlation between the financial markets and the economy, the stability of the financial markets is a measure of the success of the general economic policies of the state. The indices of these markets are considered useful economic indices for trends in economic activity and to evaluate the performance of financial markets to reveal developments compared to other markets.

The financial markets are affected by many economic variables, so we will highlight one of these variables, namely the internal government debt. We will use the analytical methods of financial data related to these variables for a period of time to determine the degree of impact of this variable on the performance of the financial markets.

Problem of the Study:

The financial markets in developing countries suffer from a great delay compared to the developed countries. It is necessary to find ways and means to help these markets to cope with the developments in the international financial markets. Financial markets in these countries suffer from a clear weakness in their performance and their association with markets as well as the extent of their affect and impact on the different variables of the economy, which reflects the magnitude of the desired impact on the processes of advancement and reform in various financial and economic conditions. Consistent with the above, the problem of the study can be clarified by the following question: Does the internal government debt have an impact on the financial market trading indices which are used to measure the development of the financial markets?

The Importance of the Study

The importance of the study stems from the rapid and successive developments witnessed in international financial markets, which necessitated the need to keep abreast of these developments by conducting accurate scientific studies on the reality of the financial markets in developing countries in general and the Arab countries in particular and identifying some economic variables that affect the performance and development of financial markets. .

From this point of view, this study attempts to clarify and reveal the effects of changes in the internal government debt on the indices of trading the financial market.

The Hypothesis of the Study

The hypothesis of the current study is that there is a relationship of effect and correlation with moral significance of the internal government debt as an independent variable and the indices of the financial market trading as approved variables. As such, the following main hypothesis



was developed:

The absence of a relationship of effect and correlation with moral significance of the internal government debt in the indices of trading the financial market. This main hypothesis is divided into a series of sub-hypotheses:

- 1- There is no relationship of effect and correlation with moral significance of the internal government debt in the market value index.
- 2- The absence of relationship of effect and correlation with moral significance of the internal government debt in the volume index.
- 3- The absence of relationship of effect and correlation with moral significance of the internal government debt in the general index of the market.

Objectives of the Study

The objectives of the study are as follows:

- 1- Stating the importance of financial markets as one of the main indices to measure the development of economic activity.
- 2- Studying the reality of the financial markets in Iraq by studying their basic indices and the movements of these indices during the study period.
- 3- Knowing the reality of internal government debt in Iraq and its importance in dealing with various economic situations.
- 4- Stating the relationship of effect and correlation with the internal government debt in the indices of trading the financial market in Iraq.

The First Topic: Government Debt

First: The Concept of Government Debt and its Importance:

1. The Concept of Government Debt:

Government debt can be referred to as sovereign debt, public debt, or government debt (Gerleman, 2012: 4). The government debt is a source of government revenues. The government uses it to fund its various expenses and investments when its ordinary revenues, especially taxes and fees, are unable to cover them. Therefore, the government uses this to cover this deficit either by borrowing from the local economic sectors, and this may lead to increased government indebtedness in local currency (the internal government debt), or the government may borrow from abroad either from countries or from international financial institutions (such as the World Bank) or from international banks, which constitutes foreign indebtedness in foreign currency (external government debt). This is the total government debt (Zardaq, 2009: 191).



The definitions of the government's yen have varied according to the different angle in which they are seen. It has been defined as a balance of government commitments with different time limits, which the government is obliged to pay in accordance with a fixed timetable. These obligations and other government securities may be used by the government to pay its debts (Dippelsman, et al., 2012: 5). They are known as the funds borrowed by the government from individuals and institutions to meet emergency situations and to achieve different objectives when public revenues are not sufficient to cover public expenditures that these emergency conditions include (Gruber, 2011: 93), and defined by Hyman as money borrowed from internal or external sources used by the government for the purpose of financing government expenditures, through the issuance of government bonds or other government securities, in return for the government's pledge to repay these funds with interest payments due to them on a specified date in the future (Hyman, 2010: 430). Therefore, government debt is the sum of the government's borrowing from different sectors at the local and external levels due to the inability of its other resources to cover its public expenditures.

2. The Importance of Government Debt:

Most countries today, and on a large scale, resort to government debt in order to cover the deficit of their public budgets on one hand and to address some economic conditions such as inflation and deflation on the other hand. Government debt can be invoked to the extent that it can have benign effects on both the level of national income and its distribution and effective quantitative demand (Riet, 2010: 45). State and local governments issue government bonds to finance the infrastructure used for a wide range of purposes, such as: education, utilities, public buildings, hospitals, and transportation (Greer, 2013: 4). Government debt may be used for various reasons. Firstly, it is used to finance the budget deficit when the government is unable to meet its expenditure obligations. Second, the domestic debt shrank during the implementation of monetary policy through open market operations. Thirdly, debt instruments are important in developing financial markets. In order to develop and deepen financial markets, fixed supplies of a wide range of instruments are needed to be traded (Maana, et al., 2008: 5).

Second: The Types of Government Debt and its most Important Indices

1. Types of Government Debt:

Government debt is divided into two main types: domestic government debt and foreign government debt (Gerleman, 2012: 4). The



government uses a range of tools to implement government debt policy.

1.1. Internal Government Debt:

They are the amounts received by the state from natural or legal persons residing within its territory regardless of their nationality, whether citizens or foreigners. Internal public debt in public finance is defined as local public loans (Dawabah, 2016: 4), or what the state owes to its citizens, that is, when the state borrows internally and issues the bonds at home in its national currency and subscribes to them by the nationals and residents of the state, whether they are individuals or other economic units (Thawini, 2006: 139).

The methods of financing the internal government debt are determined according to the following sources: (Saeed, 2004: 53)

1.1.1. Borrowing from the banking system: represents borrowing from the central bank and commercial banks.

1.1.2. Borrowing from outside the banking sector: that is, from the public and non-bank intermediary financial institutions such as investment banks, development funds, insurance companies, pension funds, social security institutions, and other financial institutions through the government's offering of bonds and treasury bills.

1.2 External Government Debt

It is the money owed by the government to foreign lenders, either in the form of international organizations or other governments or groups such as sovereign wealth funds that invest in government bonds (Ishfaq, 2010: 2). This debt arises as a result of local resource deficits or inadequate national savings coverage the need for the required investments and the need of the state for hard currency. This gap must be covered by the state's recourse to foreign sources of finance by borrowing from individuals residing abroad from governments and from international financial institutions (Saeed, 2004: 53).

This portion of government debt can be classified as follows: (Kadhem, 2014: 25)

1.2.1 Debt arising from loans of international organizations.

1.2.2 Debt arising from contracts concluded by the state or one of its public enterprises with other states, institutions, companies, banks, traders or persons in those states.

1.2.3 Unclassified debt by debtor countries, which are loans belonging to the private sector, companies or persons directly without the intervention of the official organs of debtor states.



There are several aspects of the distinction between the internal and external government debt, including: (Abu Mustafa, 2009: 53)

1. The internal government debt does not represent any increase in the total national wealth. It is merely a redistribution of part of the wealth in favor of the State. The external government debt is actually increasing the total national wealth as it transfers part of the external wealth to the internal wealth.
2. The internal government debt does not affect the exchange rate or balance of payments because it is carried out in national currencies. The foreign government debt, which is denominated in foreign currencies, affects the national economy in general, as in the case of a deficit in the balance of payments of the borrowing country or in the case of lack of balance of the borrowing country of foreign currencies, which helps to accelerate economic development.
3. The internal government debt differs from the outside, in that the latter may lead to the consequences of a dangerous policy for the possibility of the lender intervening in the internal affairs of the borrowing State, or it may impose economic or social conditions on the borrowing countries such as those of the International Monetary Fund or the World Bank.

2. Government Debt Indices:

There are several indices to measure government debt. Some try to measure interest payments or the amount of debt, some of which refer to the composition of debt, that is the amount of external and domestic liabilities, fixed, variable and real liabilities, and the amount of short, medium and long-term debt. All of these indices are useful for determining the evolution of debt and the government's ability to pay. They provide specific indications about the deterioration or improvement of the government's position (INTOSAI, 2010: 9).

2.1 Debt to exports index

It reflects the total indebtedness index at the end of the year to the country's exports of goods and services and can be considered a sustainability index as the rise of this indicator shows that the debt is greater than the country's core foreign exchange resources and indicates that the country may face problems in meeting its obligations financial liabilities to creditors, and can be calculated as follows: (Kadhem, 2014: 28)

$$\text{Ratio of debt to exports} = \frac{\text{total public debt}}{\text{Exports}} \times 100$$



2.2 Debt to GDP Index:

They are measures the ratio of debt to GDP and reflects the ratio of total resources available to debt service through the transfer of resources from the production of domestic goods to export production. This percentage is within the limits of safety if it does not exceed 60%. We have reached the stage of a serious crisis and can be measured by the following law: (Omar, 2003: 9)

$$\text{Ratio of debt to GDP} = \frac{\text{total public debt}}{\text{GDP}} \times 100$$

2.3 Debt Index to Local Income:

This indicator measures the level of indebtedness with respect to the government's ability to repay. It shows the number of years required to pay the total debt balance. A fixed ratio of debt to GDP may produce different results, regarding that this ratio reflects the size of the country by showing the Government's potential revenue-earning in relation to the debt burden. (INTOSAI, 2010: 9)

2.4 Reserve to Short Debt Index:

It is a liquidity indicator of the size of foreign exchange reserves at the disposal of monetary authorities to short-term debt stocks. If the reserve ratio is less than the debt, the country with high indebtedness is considered and can be calculated as follows: (Kadhim, 2014: 29).

$$\text{Ratio of reserve to public debt} = \frac{\text{Reserve of currencies}}{\text{Public debt}} \times 100$$

The Second Topic: Financial Markets

First: The Concept of Financial Markets and their Importance

1. The Concept of Financial Markets

Financial markets transfer money from those who have surplus to those who need money. By enabling individuals and families to obtain loans and businesses to finance their growth and governments to finance many of their expenses (Madura, 2010: 3), financial markets can be defined as the mechanism that brings together people and organizations that need money with units that have surplus money (Brigham & Ehrhard, 2014: 27), or a mechanism that is managed by market members and specialized brokerage firms to bring together sellers and buyers to exchange a particular security or financial asset (Elton & Gruber, 2014: 30-31), and it was defined also as the mechanism through which money is transferred from people who have surplus funds to people suffering from a deficit of funds (Mishkin & Eakins, 2012: 2).



2. The Importance of Financial Markets

Financial markets have been very important in the financial field and are playing a pivotal role in the economies of the countries. It is the link in facilitating the flow of funds from savers to investors by providing an institutional mechanism for mobilizing domestic savings to efficiently channel them towards productive investments (Madura, 2010: 3-5). The presence of financial markets facilitates the circulation of short-term debt instruments to meet short-term needs for adult users of funds such as governments, banks and institutions. Treasury bills and similar securities are examples of financial instruments traded in the money market (Jalloh, 2009: 1). A wide range of financial institutions, commercial banks, the central bank and others operate in the money market to take advantage of various financial instruments to increase short-term investment term, which, if necessary, can be quickly liquidated to meet short-term needs, and unlike the cash market, the capital market mobilizes long-term debt and long-term financing. It also helps to strengthen the financial structure of companies and improve the financial solvency of the financial system (Jalloh, 2009: 1). In fact, the stock market is often considered the main indicator of economic strength and country development. Rising stock prices, for example, are associated with increased investment in business, and vice versa. Stock prices also affect the wealth and consumption of individuals. Central banks therefore tend to remain vigilant to monitor the behavior of the stock market and, in general, to improve the functioning of the financial system (Aduda, et al., 2012: 215).

Second: Classification of Financial Markets and the most Important Indices

1. Classification of Financial Markets

1.1 Money Market:

This is the most important market segment of the financial market, because it facilitates the flow of short-term funds that mature within one year or less (Madura, 2010: 4), which allows the opportunity to finance or handle economic situations at an appropriate time. Thus, this market plays a big role for governments and monetary policy implementers in the country. The security is here as an instrument of indebtedness that gives the holder the right to recover a sum of money that has already been lent to another party and can be disposed off at any time without loss in view of the guarantee of the payment process, which may be intended to cover temporary incapacity in economic units and through them, it is possible to direct some temporary surpluses to some units, investing them temporarily or short-term, and achieving appropriate returns and eliminating the risks of their retention (Rose & Marquis, 2008: 12).



1.2 Capital Markets:

These are markets that facilitate the long-term flow of funds (Madura, 2010: 4), the capital market is one of the most important types of financial markets designed mainly for long-term financing needs of different economic units. The large role of these markets can be understood by their large capacity to mobilize the unemployed and emancipated resources and turn them into productive investments that help raise the rates of production and national income (Rose & Marquis, 2008: 12). Capital markets are divided into:

1.2.1 Primary Markets:

These facilitate the issuance of new securities, and primary market transactions that provide funds to the primary source of securities (Madura, 2010: 4).

1.2.2. Secondary Markets:

It is the market in which the securities issued in the primary market are traded, as securities are sold and bought for different purposes (Howells & Bain, 2007: 146). The success of the initial market is linked to the success of the secondary market, which facilitates the trading of securities, which makes these instruments more liquid. The liquidity of these securities makes them more desirable, thus increasing their volume and helping the entity to manage its new issuance in the primary market. The price of the new issues is determined by the placement of the instruments on the secondary market (Madura, 2010: 4). There are two secondary markets: organized markets, and the unregulated or parallel market (OTC) (Grinblatt & Titman, 2002: 73).

1.3 Derivatives markets:

In recent decades, there has been a significant development in the financial markets through the growth of derivatives markets. Derivatives are called by this name because they are derived from the value of other assets such as commodity prices, bond and stock prices or financial market indices. This is why they are called derivative assets, yet their most important types are future contracts, forward contracts, options, and swaps (Bodie, et al., 2014: 51). Derivatives can be used for hedge, speculative or arbitrage, and they play a major role in transferring a wide range of risks in the economy from one entity to another (Hull, 2014: 1).

2. Stock Market Performance Indices:

To measure the performance of financial markets, there are a number of indices that reflect the degree of development and progress of the market, the most important ones are:



2.1 Market Size: It is represented by two indices: the market value index and the number of companies index. The market capitalization represents the total value of shares listed on the market multiplied by the average prices at the end of the period (Pajuste, 2002: 4-5). The number of companies represents the number of companies listed in the financial markets as their increase reflects the development of the financial market (Talib, et al., 2016: 198).

2.2 Market liquidity: The turnover rate is an important indicator that measures the liquidity of the capital market and uses the high turnover rate often as an indicator that the cost of completing financial transactions is low. It is important that large stock markets are not necessarily large liquid markets. Large but inefficient markets will have large market value and small turnover (Levine & Zervos, 1996, 540-541). Market liquidity is measured by two main indices: volume index and the rate of stock turnover, and we will clarify both:

- Volume Index: This indicator represents the value of shares and bonds traded at different prices in a certain period of time and is also measured by dividing the total shares traded on GDP as this indicator reflects liquidity in the economy in general and is used to obtain safe and accurate information on the financial market (Talib, et al., 2016: 198-199).

- Stock turnover: represents the percentage of the trading of shares of a particular company or group of companies within the same sector within a certain time period. To extract this indicator, the following formula is used: (Pajuste, 2002: 6-7)

$$\text{Stock Turnover} = (\text{Total Shares Traded} / \text{Market Value}) \times 100$$

2.3 General Index of Stock Prices: This index is of great importance to all traders in the financial market for its importance in determining investment decisions for investors in the market, this index consists of the prices of a group of shares that use a measure of the general movement of the market with the presence of a number of indices in each financial market (Talib, et al., 2016: 199).

The Third Topic: Measurement and Analysis of the Impact of Internal Government Debt in the Indices of Trading the Financial Market

First: Characterization of the Economics Model

The study includes a number of variables which have been characterized as follows:

1. Independent Variables:

The study includes an independent variable. It is the internal



government debt (x).

2. Dependent Variables (Approved):

They are represented by financial market variables: the market value (y1), trading volume (y2) and general index (y3).

Second: Formulation of the Economics Model

The results of the study have been subjected to measurement and analysis. The Statistical Package for Social Sciences (SPSS) is used in its 21st version. Central tendency indices have been extracted as descriptive statistics, represented by the arithmetic average and Standard Deviation for all variables. In order to determine the relationship between the independent variables and the dependent variables, Pearson's Correlation Coefficient is measured to determine the strength and direction of the correlation. The t-test is used to test correlation significance. To measure the effect of the independent variable in the dependent variables, simple regression analysis is used to determine the effect of the independent variable in any of the variables based on the following equation:

$$y = \beta_0 + \beta_1 x + ei$$

As:

Y = the dependent variable

B₀ = Fixed Constant or Intercept

B₁ = slope of y on independent variable

ei = represents the standard error or random error of the estimated model

The significance of the effect has been tested in terms of F-test, as the effect of the independent variable has been measured in the variable used in terms of the value of the (R²) parameter, which measures the amount of variation in the variance of the variable adopted because of the independent variable effect.

Third: Measuring and Analyzing the Effect of the Internal Government Debt in the Indices of Trading the Financial Market

Based on the data on the variables related to Iraq as shown in Table (1), the following results were obtained:

1. Monthly Data for the Variables of Study in Iraq



Table (1) Monthly data for the variables of study

General Indices	Trading Volume (million ID)	Market Value (million ID)	Internal Government Debt (million ID)	months
1216.60	41186.0	4583636	7157759	2012/1
1223.60	81738.0	4651340	7101269	2012/2
1223.30	65006.0	4740503	7051269	2012/3
1180.60	84983.0	4426649	7051279	2012/4
1155.30	86834.0	4350158	7030569	2012/5
1160.50	67946.0	4219439	6880569	2012/6
1142.20	89891.0	3949622	6880549	2012/7
1178.10	40711.0	4122392	6880539	2012/8
1174.90	48993.0	4291035	6680539	2012/9
1191.20	63981.0	4478751	6647529	2012/10
1250.60	117235.0	4855564	6647529	2012/11
1250.20	105321.0	5597363	6647519	2012/12
1226.50	99246.0	5758608	6527519	2013/1
1232.70	1702487.0	11558433	4582519	2013/2
1195.70	232054.0	11521283	4562529	2013/3
1204.80	68408.0	11689787	4545529	2013/4
1217.80	197438.0	11718353	4495529	2013/5
1170.50	156499.0	12078425	4445529	2013/6
1164.40	95910.5	11349302	4615529	2013/7
1185.70	88712.0	11500926	4585529	2013/8
1138.90	29535.0	11382301	4455539	2013/9
1153.60	83660.7	11506519	4455549	2013/10
1142.80	48041.0	11444119	4405549	2013/11
1131.50	38229.0	11451367	4255549	2013/12
1125.60	27513.0	11534114	4205549	2014/1
1093.70	94750.0	11536228	4692549	2014/2
1073.60	124597.0	11687252	4542529	2014/3
1105.80	71050.0	11935549	4836369	2014/4
1108.80	37027.0	12138074	5811869	2014/5
954.80	146123.0	9793973	6211869	2014/6
936.60	83052.0	9470318	6658869	2014/7
1001.40	111942.0	10390915	7463869	2014/8
1002.00	69622.0	10427466	7363869	2014/9
999.10	37642.0	9421598	7020019	2014/10
1079.30	42528.0	9205538	6520019	2014/11
920.00	55326.0	9520626	9520019	2014/12
998.30	15816.0	8781758	16030411	2015/1
874.32	38013.0	7678863	16725411	2015/2
900.90	61996.0	8708366	20150803	2015/3
870.03	40650.0	8317685	20050803	2015/4
967.37	56979.0	8539866	19575303	2015/5
1000.50	59695.0	9977757	19075303	2015/6
903.40	31136.0	9319936	19075303	2015/7



872.30	30513.0	9187522	20440623	2015/8
844.90	11584.0	9018088	20453718	2015/9
781.56	63867.0	8757658	20453898	2015/10
718.64	27280.0	8673130	21238348	2015/11
730.56	18650.0	8503943	32142805	2015/12
638.54	30924.0	7964158	34142805	2016/1
621.93	27936.0	7942827	36542815	2016/2
579.86	52836.0	7212079	37942825	2016/3
551.22	23455.0	7017852	38390155	2016/4
510.23	37787.0	6601051	38534287	2016/5
539.47	32167.0	6692338	41336566	2016/6
568.77	39197.0	6859508	42197762	2016/7
560.73	16137.0	6842243	42877762	2016/8
561.01	10210.0	7299342	43910951	2016/9
604.50	29214.0	7550350	45195451	2016/10
636.28	66551.0	7415719	45383451	2016/11
649.48	60373.0	7314526	47362251	2016/12

The table is prepared by the researcher based on:

- Economic and statistical data of the Central Bank of Iraq.
- Annual statistical publications of the Central Bank of Iraq.

Note: The general index has been modified during the period (1/2012 - 12/2014) from 100 points to 1000 points, which was implemented in 2015, in order to reach the correct results.

2. Descriptive Characteristics of the Variables of the Study:

The following table shows the main descriptive characteristics of the study variables:

Table (2) The descriptive characteristics of the study variables in Iraq

Variables	N	Minimum	Maximum	Mean	Std. Deviation
x (Internal Government Debt)	60	4205549	47362251	15877775.40	14199784.039
y1(Market Value)	60	3949622.0	12138074.0	8442754.733	2586713.0799
y2(Trading Volume)	60	10210.0	1702487.0	91969.720	215805.0319
y3(General Index)	60	510.23	1250.60	973.2916	236.01315

3. Relationship of the Effect and Correlation of the Variable of the Internal Government Debt to the Market Value

Correlations

		Market Value	Internal Government Debt
Pearson Correlation	Market Value	1.000	-.257-
	Internal Government Debt	-.257-	1.000
Sig. (1-tailed)	Market Value	.	.024
	Internal Government Debt	.024	.
N	Market Value	60	60
	Internal Government Debt	60	60

**Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.257 ^a	.066	.050	2521155.4703	.066	4.108	1	58	.047

a. Predictors: (Constant), Internal Government Debt

b. Dependent Variable: Market Value

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26112944388989.250	1	26112944388989.250	4.108	.047 ^b
	Residual	368661044518490.700	58	6356224905491.219		
	Total	394773988907479.940	59			

a. Dependent Variable: Market Value

b. Predictors: (Constant), Internal Government Debt

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9186646.635	490546.307		18.727	.000
	Internal Government Debt	-.047-	.023	-.257-	-2.027-	.047

a. Dependent Variable: Market Value

The statistical output of the relationship between the internal government debt and the market value indicates the following simple linear correlation equation:

$$y_1 = 9186646.635 - 0.047x$$

The parameters of the relationship are as follows:

$$r = -0.257$$

$$\text{Calculated } t = 2.027$$

$$R^2 = 0.066$$

$$\text{Calculated } F = 4.108, \text{ P value} = 0.047$$

We draw from the above outputs the following facts:

- The value of the correlation coefficient (r) between the internal government debt and the trading volume was (-0.257). It is a weak negative correlation value, and in terms of the value of β_1 , the change in the internal government debt is one unit, which is offset by an adverse change in the market value of 0.047.
- The probability value of the relationship between the two variables was (0.047), which is less than the probability at the level of (5%). This was reinforced by the calculated value t , which showed a value of (2.027) greater than the value of t tabular (2,000) Link



between internal government debt and market value.

- The value of the R Square is 0.066. This indicates that the internal government debt alone is capable of explaining (6.6%) of the variance in the variable market value. The calculated value of F, which showed a value of (4.108) greater than the value of the table F (4.00) to the significance of this effect at the level of (5%).
- The results indicate the rejection of the first sub-hypothesis of the main hypothesis, and the acceptance of the alternative hypothesis which states that (there is a relationship of effect and correlation with moral significance for the internal government debt in the market value index).

3. Relation of the Effect and Correlation of the Variable of the Internal Government Debt to the Volume of Trading:

Correlations			
		Volume of Trading	Internal Government Debt
Pearson Correlation	Volume of Trading	1.000	-.198-
	Internal Government Debt	-.198-	1.000
Sig. (1-tailed)	Volume of Trading	.	.064
	Internal Government Debt	.064	.
N	Volume of Trading	60	60
	Internal Government Debt	60	60

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df2	Sig. F Change
1	.198 ^a	.039	.023	213330.1880	.039	2.377	1	58	.129

a. Predictors: (Constant), Internal Government Debt

b. Dependent Variable: Volume of Trading

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108170287641.231	1	108170287641.231	2.377
	Residual	2639566607780.800	58	45509769099.669	
	Total	2747736895422.040	59		

a. Dependent Variable: Volume of Trading

b. Predictors: (Constant), Internal Government Debt

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	139847.709		3.369	.001
	Internal Government Debt	-.003	.002	-.198	.129

a. Dependent Variable: Volume of Trading



Based on the statistical output of the relationship between the internal government debt and the volume of trading, the following simple linear correlation equation is achieved:

$$Y_2 = 139847.709 - 0.003x$$

The parameters of the relationship are as follows:

$$R = -0.198$$

$$\text{Calculated } t = 1.542$$

$$R^2 = 0.039$$

$$\text{Calculated } F = 2.377$$

$$P \text{ value} = 0.129$$

We draw from the above outputs the following facts:

1. The value of the correlation coefficient (r) between the internal government debt and the trading volume was (-0.198). It is a weak negative correlation value, that is, any change (increase or decrease) in the value of the internal government debt is offset by a change in the value of trading volume B_1 , the increase in the internal government debt is one unit, offset by a slight decrease in the volume of trading is (0.003).
2. The probability value of the relationship between the two variables was (0.129), which is higher than the probability at the level of (5%). This was reinforced by the calculated value t , which showed a value of (1.542) smaller than the value of t tabular (2,000). This shows that the correlation between the internal government debt and the volume of trading is insignificant.
3. The value of the R Square is 0.039. This means that the internal government debt alone accounts for only 3.9% of the variation in the volume of trading, reflecting the small effect of debt in the volume of trading. The calculated F value, which showed a value of (2.377) smaller than the periodic value of F (4.00), indicates that this effect is insignificant.
4. The results indicate the acceptance of the second sub-hypothesis of the main hypothesis, which states that "there is no significant correlation between the internal government debt and the volume index."
5. **Relationship of the Effect and Correlation of the Variable Internal Government Debt in the General Index**



Correlations

		General Index	Internal Government Debt
Pearson Correlation	General Index	1.000	-.937-
	Internal Government Debt	-.937-	1.000
Sig. (1-tailed)	General Index	.	.000
	Internal Government Debt	.000	.
N	General Index	60	60
	Internal Government Debt	60	60

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.937 ^a	.878	.876	83.08105	.878	418.124	.000

a. Predictors: (Constant), Internal Government Debt

b. Dependent Variable: General Index

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2886087.541	1	2886087.541	418.124	.000 ^b
	Residual	400342.745	58	6902.461		
	Total	3286430.286	59			

a. Dependent Variable: General Index

b. Predictors: (Constant), Internal Government Debt

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1220.599	16.165	75.508	.000
	Internal Government Debt	-1.558E-05	.000	-.937	.000

a. Dependent Variable: General Index

Based on the statistical output of the relationship between religion and general index, the following simple linear correlation equation is achieved:

$$y_3 = 1220.599 - 0.000015x$$

The parameters of the relationship are as follows:

$$R = -0.937$$

$$\text{Calculated } t = 20.445$$

$$R^2 = 0.878$$

$$\text{Calculated } F = 418.124, \text{ P value} = 0.000$$

We draw from the above outputs the following facts:

1. The value of the correlation coefficient (r) between the internal



government debt and the general index was (0.937), which is a high negative correlation value. Any change (increase or decrease) in the value of the internal government debt is offset by a change in the value of the general index, with B_1 , the increase in the internal government debt is one unit offset by a decrease in the general index of (0.000015).

2. The probability value of the relationship between the two variables was (0.000), which is less than the probability of 1%. This was reinforced by the calculated value t , which showed a value of (20.445) greater than the tabular t value (2.066). This shows the significance of the correlation between the internal government debt and the general index.
3. The value of the R Square is 0.878. This means that the internal government debt alone accounts for 87.8% of the variation in the general index. The calculated F value, which showed a value of (418.124) greater than the value of the tabular F (7.08) to the significance of this effect at the level of (1%).
4. The results indicate rejection of the third sub-hypothesis of the second main hypothesis, and accept the alternative hypothesis, which states (the existence of a relationship of effect and correlation with moral significance of the internal government debt in the general index).

The Fourth Topic: Conclusions and Recommendations

First: Conclusions

Through the theoretical review and analysis of the actual data the study reached a set of conclusions we can summarize the most important in the following points:

- 1 - The internal government debt is of great importance to most countries of the world and resorted to the government to cover the deficit of its public budgets on one hand, and to address some economic conditions such as inflation and deflation on the other hand.
- 2 - The data shown in Table (1) of the indices of trading in the financial market in Iraq, the increase of these indices during the months of January and February 2013, and this increase due to the exclusion of companies written off and weak trading and the inclusion of new companies representing the telecommunications sector in the Iraqi market for securities, the avoidance of weak trading companies and the addition of new companies in the financial markets has a positive impact on the performance of those markets.
- 3- We note that the index of internal government debt in Iraq has a



positive impact on the index of trading the Iraqi market for securities, because it affected the two indices of the financial market (market value and general index) out of three indices, and generally we can say that the index of government debt in Iraq has a positive impact on the performance of the financial market.

Second: Recommendations

- 1 - Government should direct and manage the internal government debt not only to address the budget deficit, but to stimulate the economic sectors across the financial market channel to raise the level of performance of those markets, which is considered a woman reflective of the economy.
- 2 – There is a need to carry out a periodic evaluation of the movement of indices of companies listed in the financial market to write off and exploit the weak trading companies on one hand, and the inclusion of indices of new companies on the other hand.
- 3- There is a need to conduct further studies and research on this subject and other financial markets, and to study the impact of other economic and financial variables in the indices of trading the financial market, so that the results of the process contribute to the performance of financial markets.

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Evaluating the Performance of the Iraq Stock Exchange and its impact on Economic Activity for (2005-2015)

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Abstract

The study aimed to analyzing the performance of the Iraqi stock exchange and its impact on economic activity. A study deal with market structure and the developments of its indicators during the period (2005-2015) were discussed at the macro and micro level. Also, it measures of relationship between the market impact in economic growth rate through market value and trading value indicators. The study concluded that the market impacting just was a small level of economic growth and therefore requires that the market to encourage the inclusion of companies and provide the necessary funding to expand its activities, which will reflect positively on the growth of gross domestic product.

1. Introduction:

As is known, Iraq is going through political and economic changes that followed the great change It occurred after 2003 , on the economic side, these changes are focused on the transfer of Iraq's economy from a planned and centralized economy to a market economy, So that the private sector has the primary role Since the banking and finance sector in general Is the basis in which money is traded and transferred This is the basis of a market economy On this basis, the stock market is a system that combines sellers and buyers of securities This research is an attempt to identify the financial markets and the statement of the Iraqi market for securities And analysis of key market indicators. Therefore, it is necessary to divide the search into three sections the first is to identify the financial markets, the second and third identify the Iraqi market for securities and analysis of main indicators.

2. Problem Statement (Objectives) :

The Iraqi market for securities is still suffering from the decline in the volume of trading and the number of companies listed in it. The importance of research is to identify the financial markets, types and importance of economic activity. So Statement of the Iraqi stock exchange (ISX) and analysis of the main indicators of the market. The importance of research is to identify the financial markets, types and



importance of economic activity and Statement of the Iraqi stock exchange and analysis of the main indicators of the market. The research aims to assess the performance of investors in the (ISX) for securities for the period (2005-2015).

3. Review of Literature:

3.1 The concept of the financial market:

The concept of capital markets has broadened to include all the channels in which money flows between different sectors, institutions and individuals of society. There are definitions of financial markets, including:

- Is the place or Automatic space In which orders for the sale and purchase of financial instruments are collected Whose implementation will trigger trading in financial markets.^[1]
- Are places In which financial assets are traded, which means the flow of money from the units saved to the units invested.^[2]
- It is a system through which buyers and sellers are combined for A particular type of paper or financial assets.^[3]
- Continuous and steady market In the place where trade and financial centers are located The specific dates are likely to be daily Where the owners of capital and brokers meet To deal with securities in accordance with a fixed system and specific regulations, Financial markets are very sensitive It is the first to be affected by recession or boom and in all normal circumstances the price of securities is determined Demand and supply factors Like any other commodity^[4].

3.2 The Historical development of the emergence of financial markets:

The emergence of the first financial markets of the fifth century AD, the Romans are the first to know the financial markets through a market in Rome , In France, the emergence of the financial market can be traced back to the third century AD, when the king of France (Philippe) Mission Exchange brokers. There are those who trace the history of the stock market to the Babylonian era .As human search on wealth To develop its trade between the Tigris and the Euphrates, It was done First semi-banking operations Allow lending Merchants And the spread of trade between the civilizations of ancient Babylon and all parts of the ancient world , Ancient Rome has seen the beginnings of money companies being human to create temples and paving of roads After the collapse of the Roman Empire it was necessary to wait for the middle of the Middle Ages In order for Italy to witness further development of financial and trade operations overseas, This development has necessitated the continued expansion of business activities The presence of a permanent



center or market within which the business is carried out. The Italians are the ones who founded the first time the stock market, This name has been defected by the name of a rich Italian merchant, (Van Win Stock) He owned a hotel in the Belgian city of Brigg and became a meeting place for merchants in the fifteenth century AD to complete business operations He owned a hotel In the Belgian city of Brigg and became a meeting place for merchants in the fifteenth century AD to complete business operations Which characterized this new market in fact is that the goods were not represented in it materially But was replaced by the seller's obligation to the buyer to deliver the goods at a specified date and place. And with the beginning of the sixteenth century with Portuguese explorations and Spanish domination The Belgian Stock Exchange has become the center of commercial and financial transactions in Europe. History has recorded important stock exchanges, In addition to the Burgess Stock Exchange, the Lyon Stock Exchange appeared in 1459, In Amsterdam in 1695, In London in 1695, in Pal and Vina in 1762, In New York in 1792, in Brussels in 1801, in Milan in 1808, in Rome in 1822, in Madrid in 1831, and in Geneva in 1850.

Some people believe that the history of the financial markets originates in Egypt The period from 1883 to 1898 witnessed several attempts to establish stock exchanges in Egypt by the efforts of some brokers In 1900, the first legislation to regulate the operation of the stock exchange was issued.^[5]

3.3: Types of financial markets:

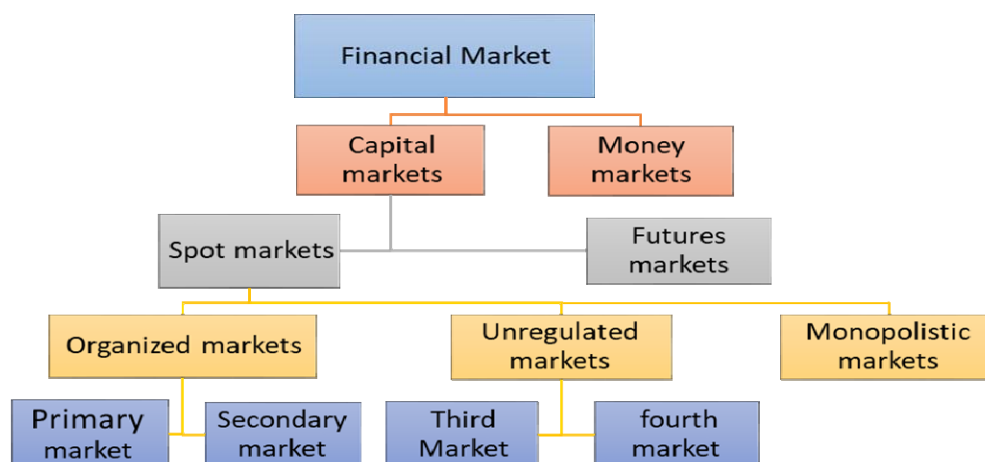
Financial markets are classified into several types According to the criteria adopted in the classification to:^[6]

3.3.1 Markets according to the securities traded and classified to:

A- Money market: - A market that deals with short-term financial instruments that are easily convertible into cash through brokers and banks

B- Capital markets: - The medium and long-term financial instruments, such as shares and bonds of different types, are traded. This market is divided into:

- **Spot markets:** Which deal with financial instruments that are delivered and received upon completion of the contract and will include the organized and unorganized market.
- **Futures markets:** These are markets dealing with different financial instruments but through contracts executed at a later date (**Figure 1 illustrates this**)

**Figure 1 (Types of Financial Markets)**

Source : *Maih Shabib Al Shammari, Hassan Karim Hamza, International Finance Foundations of Theory and Analytical Methods, I 1, Baghdad Book and Documentation House, 2015, pp. 279-280*

3.3.2 Markets according to the Standard of Issuance: Divided into:

A- **Primary market:** It is sometime called the investment bank, which issues securities (for example, bonds) in favor of a government institution or an enterprise.

B- **Second market (stock exchanges):** A market in which financial instruments are traded after issuance and distribution by investment banks. It consists of an organized market comprising central markets and local markets. There is an unorganized market outside the stock exchanges.

C- **Third Market:** A part of the unorganized market. Such as brokerage houses without Members of financial markets.

D- **Fourth Market:** It represents the dealings of investment institutions, traders and businessmen who deal with each other for the sale and purchase of securities in order to avoid commission payments to brokers or reduce it.

3.3.3 Markets according to the criterion of time: divided into:

A. **Spot markets:** These are the markets in which contract transactions are executed. This means that financial instruments are delivered immediately or during a day-to-day operation of the deal. Spot markets include cash markets. If their financial instruments are money market instruments, either their financial instruments are capital market instruments, they are called an spot capital Market.

B. **Future markets:** Which are dealing with futures contracts that are executed in the future, we may buy shares and contract them now, but delivery will take place after an agreed period of time. The objective of these markets is to reduce the risk to the buyer due to Price fluctuations in the future.



3.3.4 Markets according to the standard of how to deal: divided into:

A. The open markets: where the sale of financial instruments (stocks, bonds, and others) in terms of bidding where the financial instruments are placed on the highest Bidder may be sold financial instruments more than once in this market per day and the market is characterized by a large number of dealers and has A specific place is a regulated market.

B. Negotiation or bargaining market: It deals with negotiations and bargains preceding the sale or borrowing process where the price, quantity, terms of delivery and how to pay are negotiated .^[7]

3.4 The importance of financial markets and their role in Economic growth.

The financial markets proved their active role in the economies that provided the prerequisites for their success. The importance of the financial market lies in several things, the most important of which are:

3.4.1 Deploy investment behavior through activities within the financial markets, offering shares, bonds and other financial instruments issued by investors or financial intermediaries for the purpose of financing certain projects or adopting credit facilities, as well as offering tradable instruments in the financial markets which directly contributes to the transfer of savers To investors when required on these instruments and abandon the liquidity saved.

3.4.2 Mobilizing financial resources and motivating savers, as financial markets play an active role in raising savings returns. Here, the more favorable the economic, political and social conditions surrounding these markets, the greater the catalytic role of these markets for savers.

3.4.3 Financial markets are a great place to facilitate the exchange of investment assets among households and government institutions as key economic actors in order to transfer Current resources to the future or to deliver the current output to future consumption.

3.4.4 The financial markets through its management, specialized offices and experts can advise and advise the issuing companies of the financial instruments traded by analyzing the demand and supply factors of these instruments, indicating the needs of these companies, identifying the best tools and the most suitable methods to finance these needs.

3.4.5 Ensuring balance by maintaining stable growth as an important part of the returns of investment instruments, as it can be achieved through hedging by financial market administrations.

3.4.6 Financial markets are an important reference for demonstrating the efficiency of investment policies in the economy.



3.5 Performance standards of financial markets: Divided into: ^[8]

3.5.1 Market value: Which is the total value of the market capital as a sum of the prices of the shares subscribed to the companies listed on the stock markets at the end of the period specified for trading (day, month, year) By market value, the total size of the financial market or space occupied by the market can be determined in the country's economic activity and thus reflects the degree of development of investment in securities in that country.

3.5.2 Trading volume: The volume of trading in the financial market represents the value of shares traded therein, which means the total value of shares traded during a limited period (day, month, year) at different prices. This value reflects the number of shares traded in their prices during the fiscal year usually, If the value of the traded shares is fully equal to their market value in the financial market within a limited period, then the market liquidity will be 100% complete.

3.5.3 Number of companies: The companies that allow them to deal with securities in the financial market and which have met the listing requirements and requirements.

3.5.4 Number of shares traded: The traded shares are prepared in the market hall during the period specified for the trading activity and at various market prices.

3.5.5 Stock turnover rate: It measures the degree of financial market liquidity and the level of transaction costs within the market It is calculated by dividing the trading volume by the market value for the same period of time, The increase in the value of the index is evidence of the high liquidity in the market, in addition to the financial instruments are trading easily and easily and the lowest cost and the absence of obstacles to the conclusion of transactions and marketing. ^[9]

3.6 The emergence of the Iraqi Stock exchange (ISX):

Iraq Stock Exchange is a securities market in Iraq in Baghdad. It was established by law No. (24) for the year 1991, The market was a government market that was able to include 113 Iraqi joint stock companies and was able to attract in the last year the annual trading rates exceeded seventeen million dollars and a half. From 1992 to 2003 Market was know as the Baghdad Stock Exchange.

On 18 April 2004, the Interim Civil Administration issued Law No. 74 establishing two financial institutions that regulate the functioning of the capital market and restructuring in Iraq to be heirs to the Baghdad Stock Exchange, namely: ^[10]



• Iraq Stock Exchange (ISX).

• Iraqi Securities Commission (ISC).

Either the Iraqi market for securities has been expressed by the said law as a legal entity, non-governmental organization self-organized financially and administratively independent of the Iraqi government and the Ministry of Finance not for profit, Owned by members Subject to the supervision of the Securities Authority and operates in accordance with the instructions and rules issued by it, while the responsibility of the market is limited to the assets owned by him and does not include assets owned by members, It is managed by a board of nine elected members representing various economic sectors of the investment sector and called the Board of Governors. ^[11] Where the Authority, which is an independent government body, is the most important objective to contribute to the achievement of stable and sustainable economic development in Iraq by strengthening the investment structure and encouraging the process of capital formation in the practice of licensing and monitoring participants in the capital markets. ^[12]

3.6.1 The importance of the Iraqi Stock Exchange (ISX):

The importance of the (ISX) is the role that can plays in the process of economic and social development, as an important tool of polarization, recycling and non-diversion of resources and savings whether monetary or held by commercial banks in the form of savings deposits or Ongoing or long term, for individuals, companies, institutions and others, and employing them in real investments in various economic projects.

As the importance of the Iraqi market for securities through the important tools that these markets play at the level of the national economy,

3.6.1.1 Planning the Monetary Policy of the Country: Stock markets play a key role in the country's monetary policy planning process. The central bank, through the money market, can play an active role in changing short-term interest rates by controlling the reserves of commercial banks that play a leading role in this market. Which is directly central to short-term interest rates, and also indirectly enables the money market to control long-term interest rates.

3.6.1.2 Achieving liquidity: The existence of the stock market efficient and effective can be transferred funds invested in securities to cash, and transfer of cash to securities. In other words facilitate the conversion of real resources from securities to cash and vice versa also

3.6.1.3 The existence of an effective securities market leads to high liquidity for short-, medium- and long-term financial assets, thereby increasing the turnover of capital for various economic projects, thereby



increasing the productive capacity of economic projects and creating economic recovery.

It can be said that a systematic and sophisticated market for securities will help attract capital and turn individual family businesses into joint stock companies because these markets provide investor confidence.^[13]

3.6.2 The objectives of the (ISX):^[14]

- Organizing and training its members and companies listed in the market in a manner consistent with the objective of protecting investors and enhancing the confidence of investors.
- Enhancing the interests of investors in a free market that is reliable, efficient, competitive and transparent.
- Regulate and simplify securities transactions in a fair, efficient and orderly manner, including clearing and settlement transactions.
- Organizing the transactions of its members in all matters relating to the purchase and sale of securities and determining the rights and obligations of the parties and the means of protecting their legitimate interests.
- Developing the capital market in Iraq to serve the national economy and help companies in building the capital necessary for investment.
- Raising awareness among Iraqi and non-Iraqi investors about the opportunities to invest in the market.
- Collecting, analyzing and disseminating statistics and information necessary to achieve the objectives set forth in this Law.
- Communicate with the stock markets in the Arab world and the international markets in order to develop the market.
- Carry out other necessary services and activities to support its objectives.

3.7 Market Highlights:

This market differs from the Baghdad Stock Exchange in many matters, some of which concern the change in the administrative structure; Where the Iraqi market became administratively separate from the Ministry of Finance. If the Baghdad market was represented by the Director General, it would be replaced by the Board of Governors. Which consists of nine members whose task is to regulate the market, define its general policy and supervise the activities of the market. The Board and this form represented by all the parties have made decisions that reflect the interests and views of all parties, There has been no change in its organizational structure. The Ministry of Finance, the Ministry of Trade, its association with the Registrar of Companies, and the granting of licenses to brokerage firms, are no longer financially or organizationally connected. Its structure has become an integral part of the General Assembly, the Board of Governors, the Executive Director, the Depository Center and



seven administrative departments; This is an integral structure that ensures self-management of the market Administrative foundations and economic foundations and the removal of the government influence factor. There is another change as the market becomes responsible for granting licenses to brokerage firms without any government intervention, and then these companies establish the Union of Securities Brokers in July 2004 to be responsible for delivering proposals and looking to the market council.^[15]

3.8 The Stages of Trading in the (ISX):

The trading of shares in the (ISX) since its establishment in 2004 in two stages:^[16]

3.8.1 The Manual Trading Stage:

The first trading session was held on June 24, 2004 with the manual trading mechanism, which means the registration of purchase orders and sales orders on plastic plates. The shares of companies are traded when the purchase price matches the selling price according to the offer and demand. The stock settlement process is carried out the following day under the transfer and transfer contracts at the center The deposit is made manually and paid according to the financial clearance and settlement report between the creditor and the debtor. The buyer was not able to sell his shares until after receiving the share certificate from the company within six working days (That is, the financial settlement precedes the equity settlement by at least six days)

3.8.2 Electronic Trading Stage:

The trading in the (ISX) started from the session of April 19, 2009 to electronic trading for the first time in the history of Iraq and replaced the plastic panels at the electronic trading stations at the market headquarters, and also in (47) sites of the brokerage company outside the market building and trading through the WAN, The Securities Commission, which monitors the trading and accordingly, the transfer of ownership in real time according to the system (Equator) and financial adjustments are made immediately after the meeting (T+0) (Which means that the financial settlement and equity are done at the same time).

3.9 Sections of the Iraqi Stock Exchange:

For the purpose of achieving the goals of the ISX, has developed a regulatory structure commensurate with the objectives in the market, and the structure consists of the following levels:^[17]

3.9.1 Supervisory Committee: It consists of experts of the Board of Governors (three members). It is its task to prepare a monthly report to



the Board of Governors based on reports submitted by the Department of Control and inspection of daily market activity.

3.9.2 The authorized director: Based on the internal rules of the Iraqi market for securities, the authorized director shall be responsible for the administrative, financial and technical matters of the market and other functions.

3.9.3 The Deputy authorized director: The duties of the authorized director in the absence of him

3.9.4 Office of the Board of Governors:

- Prepare the Board of Governors' calendar.
- Prepare records and documents relating to cases before the Board.
- Organizing, printing and signing the decisions of the meetings of the members of the Council.
- Formulating the Council's decisions and following up on their implementation.
- Save decisions, meetings and attachments of documents.
- Carry out all the tasks requested by the authorized director.

3.9.5 Censorship And inspection Section: Audit of financial statements of companies, brokerage and accounting records of the Accounts and other functions.

3.9.6 Listing and Operations Section : This section is divided into (Insertion Division, Disclosure Division, Trade Management and Control Division).

3.9.7 electronic system Section: It is divided into (Technical Support Division, Software Development Division, Systems and Operations Division)

3.9.8 Studies and Development Section: (Division of Studies, Publishing Division, Public Relations Division).

3.9.9 Financial Affairs Section: Carry out day-to-day finance, reporting and annual budget closing and participation in the Procurement Committee.

3.9.10 Legal Affairs Section: It follows up market-based issues and legal consultations.

4. Analysis of market indicators developments :

In order to identify developments in the market, it is necessary to study its basic indicators, which are a reflection of the efforts of the market makers and reflect the economic and social conditions of the Iraqi economy as shown in Table ^[18]



Table (1) Performance Indicators of the Iraqi market for securities for the period (2005-2015)

YEAR	MARKET VALUE	TRADING VOLUME	NUMBER OF LISTED COMPANIES	NUMBER OF SHARES TRADED
2005	3246863	366809	85	55639
2006	1960205	146891	93	57975
2007	2142169	427367.5	94	152991
2008	2353143	301350.2	96	150853
2009	3581198	411928.4	91	211290.6
2010	3462275	400359.9	87	255659.5
2011	4931193	941198.2	87	492371.6
2012	5327351	893825.3	84	625639.9
2013	11451369	2840220.3	83	871182.1
2014	9520626	898316	86	743852.4
2015	12364785	456179.8	98	579640.3

Source: Prepared by the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).

4.1: Market Value indicators:

Table (1) shows that the market value increased to (12364785) in 2015 from (3246863) in 2005 recording an increase of 280.82% during the study period. The banking sector occupied (55.98%) followed by the telecommunications sector In the last three years of study, it was followed by 27.28%, followed by the industrial sector with 7.22%, followed by the hotels and tourism sector with 6.22%, followed by the services sector (2.05%), agriculture (0.81%), (0.202%), while the investment came in last place (0.190%) as in Table (2).

Table (2) Market capitalization by sector (2005-2015)

Year	Banks	Industry	Agriculture	Hotels And Tourism	services	Insurance services	Investment	Telecommunications
2005	2534688	376887	22452	237283	53353	7250	14950	-
2006	1450529	219001	19420	211609	39637	6105	13905	-
2007	1621846	232518.2	17244.25	187028.1	62681	6800	12250	-
2008	1722314	323644	16765	219807.5	50128.2	7985	12500	-
2009	2382969	388142	31828	393053	133090	9430	16987.5	-
2010	2408756	393190	36055	455175	141815	16314	10970	-
2011	3811589	454493	54895	413714	168362	17431	13449	-
2012	4293558	392692	61807	390858	163912	14717	9807	-
2013	5228300	558755	80014	427036	144711	13773	4150	4995222
2014	4801035	465126	76755	502319	148496	13554	3185	3510156
2015	3402995	536193	73853	301839	129162	8140	2378	7910225
Total	33658579	4340641	491088.3	3739722	1235347	121499	114531.5	16415603

Source: Preparation of the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).

4.2: Trading Volume Indicator:



A table (1) shows the increase in the volume of trading up to (2840220.3) in 2013 after it was (366809) in 2005 and Figure (1) shows the flows in volume decrease and high throughout the study period. The sector accounted for 67.16% of the total volume of trading followed by the telecommunications sector with 21.93%, followed by the industrial sector by 7.04% , Followed by the Hotels and Tourism sector (3.7%), followed by Services, Agriculture, Insurance and Investment (2.56% - 1.15%, -0.24% and 0.19%).

Table (3) Trading Volume Sectoral Categorization (2005-2015)

Year	Agriculture	Hotels and Tourism	Services	Insurance	Investment	Industry	Banks	Telecommunications
2005	612	9287	14551	337	1368	60922	279696	-
2006	697	3304	5968	523	2220	18191	115988	-
2007	619	4949.4	336.06	203.7	1285.4	9774	407175.4	-
2008	450.7	13667.3	2683.8	503.9	651.3	16147.3	267156.1	-
2009	1093	42635.1	14543.7	1025	3461.8	29934.4	319235.4	-
2010	1158.1	50217.9	20606.5	2293.5	1141.6	65530.6	259411.9	-
2011	7033.1	42560.5	48946.5	7830.1	3149.9	126222.1	705455.9	-
2012	62473.6	29254	27065.1	2031.3	942	94726.9	677332.4	-
2013	10163	25005.2	25980	1157.8	1548.7	70035.4	953874.3	1752566
2014	3088	59018.2	21503.5	2218.3	17.6	37916.5	763582.7	10971.2
2015	5941.5	19368.2	24802.4	1317	342.6	39760.9	355859.7	8787.4
Total	93329	299266.8	206986.6	19440.6	16128.9	569161.1	5104768	1772324

Source: Preparation of the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).



Figure (2) Preparation of the researcher based on the data of table (1)

4.3: Number of listed companies:

A table (1) shows that the number of listed companies increased to (98) in 2015 after (85) companies in 2005. It is clear from the table that the number of companies in the Iraqi market for securities did not develop during the period.

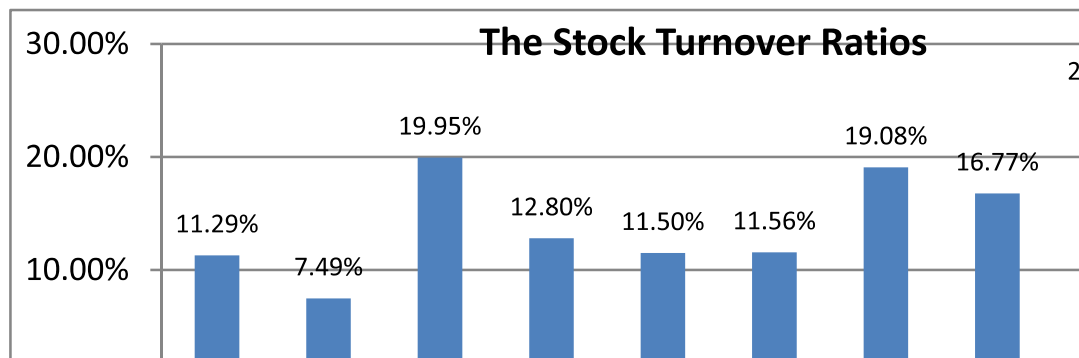
5.1.2 Indicator of the stock turnover Ratio:

Figure (2) shows the instability of the turnover of the stock as it decreased to (7.49%) in 2006 compared to (11.29%) in 2005, and then it increased in 2007 by (19.95%) and then decreased in the years) Then



rose to (19.08%) in 2011 and fell to (16.77%) in 2012 then rose to (24.80%) in 2013 and recorded a decline of (9.43%) in 2014 and returned to 3.68% The stock turnover is a guide to the development of the organizational and administrative structure of the market.

Figure (3)

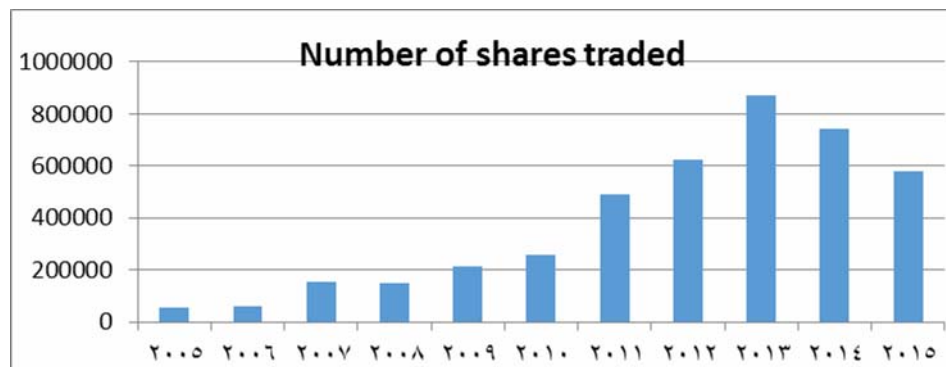


Source: Preparation of the researcher based on the data of table (1)

4.4: Number of shares traded Indicator:

Table (1) shows the continuous increase in the number of traded shares which reached (871182.1) in 2013 compared to (55639) in 2005 and Figure (3) shows the increase over the study period in the number of shares traded.

Figure (4) Number of shares traded Indicator for the period (2005-2015)



Preparation of the researcher based on the data of table (1)

5. Scientific Methodology of Research:

5.1 *Research Hypothesis:*

After careful consideration of the research questions and objectives of this study, and review of relevant literature, the theoretical framework is developed, and hypotheses are formulated to identify and test the relationship between the various variables identified based on the literature review presented earlier,

This hypothesis is summed up in the fact that the ease of trading in the (ISX) is a factor in the expansion of this market and increases its impact



on the overall economic activity of Iraq. Specifically, the present study hypothesized that:

H1: There is a negative relationship between market value (MV) and GDP growth rate behavior.

H2: There is a negative relationship between trading value (TV) and GDP growth rate behavior.

5.2 The study variables and Data:

There are two independent variables in this model market value indicator and trading value. The dependent variable is GDP growth rate. We get the data from annual reports of Iraqi stock exchange through period (2005-2015).

5.3 Analysis Impact the ISX indicators on Economic growth:

a. Descriptive Statistics of study variables:

This section explains the descriptive statistics of the variables who participated in the study through descriptive analysis which includes the mean and standard deviation for the independent and dependent variables are attained and recorded in Table (4).

Table.4: Descriptive Analysis for Major Variables

	<i>GDP</i>	<i>MV</i>	<i>TV</i>
Mean	0.72	6.62	4.91
Standard Error	0.08	0.08	0.14
Standard Deviation	0.28	0.27	0.49
Sample Variance	0.08	0.07	0.24
Kurtosis	0.47	-1.30	-1.44
Skewness	-0.73	0.36	0.27
Minimum	0.14	6.28	4.27
Maximum	1.10	7.05	5.63
N. Of Observations	11	11	11

All variables are evaluated based on a 5 point scale. The results show that the mean of GDP growth rate behavior was (0.72) with a standard deviation of (0.28). The mean of market value (MV) was (6.62) with a standard deviation of (0.27). Finally, the mean of trading value (TV) was (4.91) with a standard deviation of (0.49).

b. Multiple Regression Analysis:

Multiple regression analysis provides a means of objectively assessing the degree and the character of the relationship between the independent variables and dependent variable; the regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variable (Sekaran & Bougie, 2010). The result for regression analysis is depicted in Table6.

**Table 6: Results of Regression Analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.149	3.91	0.54	0.59
MV	-0.14	0.45	-0.31	0.76
TV	-0.10	0.25	-0.39	0.7
R-squared	0.20	Mean dependent var		0.72
Adjusted R-squared	0.22	S.D. dependent var		0.28
S.E. of regression	0.31	Akaike info criterion		0.73
Sum squared resid	0.77	Schwarz criterion		0.83
F-statistic	0.08	Hannan-Quinn criter.		0.66
Prob(F-statistic)	0.92	Durbin-Watson stat		1.99

The result indicates that only 22% of the variance (R^2) in GDP is significantly explained by MV and TV. The remaining percentages of the variance are being affecting by other factor that has not been studied in this research. The results show that MV and TV are significantly having negative relationship with GDP behavior. The coefficient value for MV (-0.14), and TV (-0.10). According to the beta value among the two variables. TV are the most influential independent variable on GDP behavior with significant 0.7.

6. Conclusions and Recommendations:

This study mainly aims to evaluating of performance of ISX and its impact in economic activity\y and investigate the relationship between market value (MV) and trading value on GDP growth rate behavior. Specifically, this study examines the effect relationship of market value and trading value with GDP growth rate behavior.

Toward this end, a number of research hypotheses have been formulated based on the research questions. This study has generally succeeded in establishing the determinants of deviant behavior.

A- Conclusions:

1. The financial market is of economic importance because it is the effective tool for mobilizing savings and redistributing them to the areas of investment needed, thus contributing to economic growth.
2. The Iraqi capital market despite its recent emergence, but it differs from the market in Baghdad in terms of non-dependence of the market administratively to the government, and is managed by an independent board of directors
3. Through the analysis of the underlying market indicators, it was found that they were experiencing a state of instability and clear disparity during the period under study.
4. The degree of concentration on the activity of the banking sector with the low activity of other sectors in the market.
5. Absence of the bond market in the ISX.



6. The results indicate that only 22% of the change in GDP is significantly explained by MV and TV.

7. The MV and TV are significantly having negative relationship with GDP behavior.

B-Recommendations:

1. The market should be diversified so that it is not limited to stocks only, especially bonds, for their role in financing and in activating the movement of trades in the market. Increasing the dissemination of reports on the market and more than one entity to inform the investors.
2. Evaluate the operational performance of shareholding companies and discuss the annual performance reports.
3. Issuing instructions for investment portfolios management.
4. Developing the companies Law by the initial public offering (IPO).
5. Issuing the capital market law in Iraq with full set of instructions and rules in accordance with international standards.
6. Issuing corporate governance rules based to the principles of disclosure and transparency.

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Failure of development in Iraq reasons and ways of getting up

Dr. Ibrahim Jassim Jabbar

Abstract

Development is the outcome of the interaction of a large number of economic, social, political, cultural, human-centered and development components that can be achieved by eliminating the characteristics of underdevelopment and gaining the dominant characteristics of developed countries. In Iraq, the economic development due to internal and external wars and long years of sanctions witnessed many problems that led to the deterioration of the development indicators quantitatively and qualitatively, as well as many challenges, including dependence on oil, changing production structure and rampant financial and administrative corruption. Sectoral sectors of the Iraqi economy, which requires discussion of the development alternatives available to him at present, and put the most appropriate alternative to the reality and requirements of the new renaissance, and the establishment of productive projects with a significant return and productive assets and retain its value and Able to increase this value for the benefit of this generation as well as future generations.

Introduction

The Iraqi economy was, and remains, a single, rural economy. The government, which was the main monopoly in the formulation of development plans and programs, which led the country's leaders, has been subjected to large structural imbalances at the level of the economy. If the process of development occurs spontaneously in developed countries, the reason for this is the availability of capital and infrastructure and the spread of awareness and culture and not exposed to cultural and social problems all these factors made the economic development in developed countries not faltering reversed the economic development in Iraq, Is not in line with the reality of the Iraqi economy and its potential material and human. The front of development in Iraq has many obstacles and difficulties, which requires work on their development and development as a prerequisite for achieving economic advancement and stimulate foreign investment for To contribute to the financing of production and service projects.

The problem of the study: The achievement of indicators of economic development in Iraq is less than in all Arab countries.



The hypothesis of the study: The study starts from the hypothesis that the economic development in Iraq is a slow and faltering development, and not in line with the country's material resources. Therefore, it is necessary to find a viable development alternative that puts the country's capabilities in its right place and employs them to serve the people. Advancement and progress, the external worker is employed in the service of national development.

Objective of the study: The aim of the research is to shed light on the reality of economic development in Iraq and the stages that have passed, and the challenge of the most important development problems faced, and how to address these problems in order to promote the reality of economic development in the country.

The first requirement: in the concept of economic development

The physical view of development envisages development as a rapid increase in per capita income, which either accrues to the majority in the form of jobs and other economic opportunities, or creates the necessary conditions for a wider distribution of economic and social benefits of growth, thus increasing income and the factors causing it⁽¹⁾. Development is not just an economic growth and a rise in per capita income. It is a comprehensive process that concerns people as well as improving economic, political, social and cultural conditions. Development is usually described as a normative concept that requires an important shift in the previous forces or areas, Economic performance as well.

Growth refers to an increase in dimensions and measurements. Development refers to change in quantity and quality⁽²⁾. Development is defined as a concept with economic, social and political meaning, which is not specific to a particular sector. Therefore, the process of development means development in many areas, which aim to cause steady increases in per capita income as the goal of development and its means⁽³⁾.

Economic development is more general and comprehensive because it focuses and covers all the economic, political and cultural requirements for rapid institutional and structural transformations of societies suffering from development problems. This requires a large government role with a high degree of coordination in economic decision-making.

And others see development as a "cumulative process of continuous, consisting of a combination of political, social, economic and technical changes that are shared by reciprocal feedback, a process that creates an independent vision that develops the capabilities of the economy and society and enables it to provide human resources and material and financial resources to promote and rationalize economic



production, Thus allowing for the provision of a decent standard of living for citizens in a context of security in a continuous or steady manner ⁽⁴⁾.

A process in which real income is increased in a cumulative, rapid and continuous manner over a period of time, so that this increase is greater than the rate of population growth while providing productive and social services, protecting renewable resources from pollution and conserving non-renewable resources from depletion ⁽⁵⁾.

The second requirement: economic development in Iraq: reality and indicators

The development indicators in Iraq, both past and present, indicate a quantitative and qualitative deterioration, as a result of the destruction of the political, economic and social structure caused by internal and external wars and long years of sanctions, the impact of these conditions is too deep to be measured by very abstract and general indicators and figures. As well as that these circumstances will be accompanied by their effects and negative repercussions of the next development process and the level that can reach the development. This means that the data do not reflect the reality of the decline in the structure, the essence and the extent of the decline, as it fails to give the image of the decline in the economic, political and cultural structures of society.

The emergence of the relationship between oil and development in Iraq with the expansion of the processes of building the modern state and in conjunction with the increase in oil production and increase revenues, so the development movement in Iraq was linked to oil revenues, which led to the emergence of serious problems of the pattern of development. With the start of production and export of oil in 1934 the Iraqi government began to receive oil revenues that contribute to the financing of the budget, but these revenues were few, but it helped the government to finance a variety of different sectors ⁽⁶⁾. The Government has undertaken a series of developmental attempts to develop the economy, including the establishment of textile and vegetable oil industries. However, these industries were the result of much of the production, which was directed towards domestic consumption and low prices ⁽⁷⁾.

At the beginning of the 1950s, Iraq witnessed a shift in the economic development process. This helped to increase the oil revenues achieved after the "half-profits" agreements with the foreign oil companies in the early fifties. This shift started by the Iraqi government, The task of the Council of Reconstruction was to develop a general economic plan to develop the country's resources and infrastructure, raise the standard of living of the population and make fundamental changes in the course of the Iraqi economy ⁽⁸⁾. After the revolution of July 1958 and the



establishment of the republican system, the Council of Reconstruction and the Government adopted a new economic policy that led to the formation of a temporary ministerial committee to replace the Council of Reconstruction, which included the implementation of the reconstruction programs and the planned economic projects and the continuation of the implementation of this plan, even less so until the organization of new planning mechanisms and mechanisms for development⁽⁹⁾. In addition, the oil revenues did not contribute to the development of the productive sectors, but contributed to the backwardness of the structure of other economic sectors, especially the sectors of agriculture, industry and internal trade, and the distortion of the structure of trade Of Foreign Affairs.

After 1968, this stage had a great impact on changing the economic and social conditions that prevailed in Iraq and required the government to continue to implement the programs and projects to be implemented and to take the role of the state in increasing economic life. This role has become clear that the general activity is the dominant activity in all events Economic and expenditure on the expansion of educational and health services and the development of the governmental administration sector with all its specialties, so that the economic management is characterized by a high degree of centralization, the government policy focused on expanding the public sector base in economic activity Increase its effectiveness through the creation of a large number of public institutions within the economy ⁽¹⁰⁾. In the mid-1970s, the Iraqi government managed to nationalize the oil companies. This led to an increase in financial resources, which led to an increase in average per capita income. Iraq became a middle-income developing country and compared with Greece, South Korea and Portugal, not far from Spain in average per capita income. It was expected to enter the high-income countries in two decades, and the Government was able to achieve a high level of development at the time as a result of large investments in infrastructure and productive activities⁽¹¹⁾. The state continued the policy of explosive development with greater determination and acceleration than it did in the previous stage. It expanded the state sector horizontally and vertically and in all sectors of the economy, despite the fact that the structure of investment was characterized at this stage as distorted, but this distortion was not apparent due to the large number of criticism Foreign investors, which were covering those investments, which were mostly few projects of social benefit, and were not related to sectoral guidance as much as the search for investment opportunities and the creation of projects for inclusion in the investment plan ⁽¹²⁾.

However, the start of the Iraq-Iran war led to the apparent distortion at



the sectoral level due to the decline in oil revenues from \$ 26.1 billion in 1980 to \$ 10.4 billion in 1981, which led to a decline in GDP growth rate by 4.7% due to depletion of resources in The war, which led to the gradual depletion of Iraq's reserves of foreign currency, estimated at \$ 40 billion, and then drain the surplus at the end of 1983, Iraq turned from a country with a surplus before the financial war to a country with a deficit and debt⁽¹³⁾.

At the beginning of the nineties of the last century were several attempts to promote economic development through the development of industrial sector projects and the establishment of power plants and infrastructure reconstruction, but the invasion of the former regime of Kuwait, the outbreak of the Gulf War II, and quickly lost those efforts, and destroyed most The biological assets that have accumulated over the past decades¹⁴. The country suffered material damage, which was concentrated in the destruction of its infrastructure. Estimates of the massive losses incurred by Iraq in infrastructure and industry as a result of the war varied. Ford in the consolidated Arab economic report of 1992 that the total direct material losses of Iraq during the second Gulf War estimated at \$ 232 billion due to the destruction of Iraq's economic institutions, infrastructure and infrastructure⁽¹⁵⁾. In the 35 years preceding the occupation of Iraq (1968-2003), Iraq earned revenues of \$ 271.11 billion in oil production and exports, but what was spent during the years of the Iran-Iraq war (1980-1988) amounted to 178 billion dollars according to government data, or 65.7% of all oil revenues received by Iraq during the years 1968-2003, which exceeds the total debt of the 13 Arab countries city in 1990⁽¹⁶⁾.

After April 2003, and with the start of the process of political change, many economists saw that Iraq is ahead of a new strategy leading to the launch of real development, replacing the dark situation with a developed development after decades of major destruction in all joints of the Iraqi economy, considering that the oil sector is the only sector, As the oil revenues will be used as a wealth to develop the accumulation and diversification of the economy and put it on the path of growth and self-development. Despite the high rates of growth of these revenues and the high rates of economic growth experienced by the Arab economy But the industrial and agricultural development policies failed to diversify the economy of Iraq and its liberation from a one-sided structure linking the growth opportunities in the economy as a whole, including checks of oil revenues are governed by the requirements of the international economy and the requirements of international politics, which were not always favorable⁽¹⁷⁾.

Most of the studies indicate that the structure of the Iraqi economy is



largely centered around the production and export of crude oil. The economic reality indicates that the country relies almost entirely on oil revenues in financing the public budget, which constitutes 95%⁽¹⁸⁾. The oil sector was separated from the rest of the national economy.

The Iraqi economy has faced many problems during the past years after the fall of the former regime, which hindered its growth and led to its decline and collapse, there was no clear strategy for economic development in most stages of development, which negatively impacted the Iraqi economy through the decline of many of its main indicators and low contribution. Except for the oil sector, which has made the Iraqi economy vulnerable to fluctuations that occur in the international market as a result of changes in oil prices.

The reality of development in Iraq can be seen through the most important indicators of development and what has been achieved on the ground. This is an achievement that is not at the required level. The development process has witnessed many determinants due to the extraordinary circumstances that the country has undergone and which has changed the course of development. As a result of the destruction of the political, economic and social structure, as well as the decline in the level of services, primarily electricity and water, the spread of financial and administrative corruption and deterioration in the industrial and agricultural sectors, in addition to the deterioration of security and economic turmoil and Lacey and social, which had a significant impact on the development process.

In an initiative by international organizations such as the International Monetary Fund (IMF) and the US Agency for International Development (USAID), the government has received several proposals for national development. The first plan was put in place in 2005-2007, which included the development and rehabilitation of the oil industry, and the emphasis on the structural transformations of the economy through the creation of a diversified economy⁽¹⁹⁾.

Although the plans of the Iraqi government lists many initiatives in different sectors of the Iraqi economy, but the efforts of the government to achieve the goals set in real efforts are unbalanced, and to get rid of the dependence on oil and the accompanying large fluctuations expose the Iraqi economy to deviate from the path prescribed, And this goal is one of several goals where insufficient efforts have been made to achieve them. It seems that the previous plans have worked to identify the general challenges facing the Iraqi economy and provide general goals to deal with these challenges, in addition to general terms on the best means to achieve these goals.



This has resulted in the weak ability of the government to expand its investments in physical and human capital. The government has been close to collapse, terrorism has emerged, corruption has been rampant, and many practices that are not common in Iraqi society, such as violence, looting and forced displacement⁽²⁰⁾.

The failing countries index is classified according to several characteristics, including: the inability of the central government in these countries to impose their authority on their national territory, secure their borders or monopolize this task, lack the necessary legitimacy to govern, rampant corruption and lack of circulation of power, absence or weakness of their legal systems and threat Its unity and stability with acute ethnic and religious divisions. These features were developed in 12 social, economic, political and military indicators, ranging in value from 0 to 10, and the higher the score, the higher the failed states. What is important here is the position of Iraq in the ladder of development failure. The worst ranking was Iraq's second behind the Sudan in 2007. The best ranking of Iraq was ranked 13th in 2014, and this index contains a long-term development achievement, Which reveals the depth of the development crisis experienced by the country. It means that the laws and rules governing the work of the society and the economy are erased by the widespread corruption and non-compliance with the law, so the policies are unable to produce positive fruits, or that these fruits are very small⁽²¹⁾.

This developmental failure is only the result of the accumulation of political, economic and social problems as revealed by the high points that Iraq has achieved in relation to each of these indicators, while acknowledging that the indicators resulting from the political change have caused a greater impact in this deterioration.

In order to identify the main points in the analysis of the reality of the Iraqi economic environment can be noted the most important determinants of the development process in the Iraqi economy.

Fourth: Development problems in Iraq

1. Public debt capacity

It represents the ratio of public debt to GDP as a measure of the cost of Iraq's financial leverage. The lesson is to provide a criterion for demonstrating debt sustainability, ie, debt sustainability without affecting the health or safety of economic growth in the country, Represents the ability to service debt and meet its obligations without affecting the health and safety of economic growth or the need to reschedule debt or the accumulation of arrears that hinder economic growth. The measure adopted by multilateral financial institutions in debt sustainability analysis should be 60% public debt / gross domestic product (GDP),



which expresses the maximum limits of economic safety⁽²²⁾.

According to World Bank estimates for 2001, Iraq's external debt is \$ 127.7 billion⁽²³⁾. Although Iraq's external debt ratings differ, the figure adopted by US officials is about \$ 133 billion⁽²⁴⁾. Thus, the size of Iraq's external debt is a large number of the ability of the Iraqi economy to meet in the short and medium term and under the economic conditions experienced by Iraq. The following table shows the size of Iraqi debt.

Table (1) shows the size of the Iraqi debt during the period (2003-2015)

Ratio of total debt to GDP%	Total accumulated debt (Million dinars)	GDP at current prices (million dinars)	year
822.1	243426796.0	29585788.6	2003
388.3	206703747.0	53235358.7	2004
119.9	88223857	73533598.6	2005
129.5	123814182.0	95587954.8	2006
95.8	106732705.0	111455813.4	2007
56.4	88534812.0	157026061.6	2008
66.9	87374387.0	130643200.4	2009
47.4	76813642.0	162064565.5	2010
37.1	80564016.0	217327107.4	2011
30.8	77487035.8	254225490.7	2012
28.9	78265775.6	271091777.5	2013
29.5	76852443.6	260610438.4	2014
50.5	105861492.2	209491917.8	2015

Source:

- Republic of Iraq, Ministry of Planning, Directorate of National Accounts. (GDP data).
- Central Bank of Iraq, Annual Bulletin, various years.

The above data indicates that Iraq's debt is rising and the debt to GDP ratio is rising. An attempt to reduce this rate at present by paying interest payments and debt will require almost two-thirds of the Iraqi government's future revenues, which prevents the use of oil revenues to finance reconstruction And investment in major infrastructure⁽²⁵⁾. As well as the rise in this ratio measures the burden of the Iraqi economy because of external debt.

In 2008, the external debt of Iraq was rescheduled when it approved the agreement of supporting arrangements with the International Monetary Fund and subject to unfair conditions, which led to a reduction in the volume of Iraqi debt, as well as the increase in the value of GDP as a result of high oil prices and increased quantities produced, Reducing the ratio of debt to GDP to reach 29.5%, which is very low, indicating that Iraq is still at a level of security, which justify its ability to finance through the international market according to different funding methods.



In 2015, the increase was due to the drop in oil prices and increased foreign borrowing to finance the defense budget to counter a terrorist organization. The excessive funding of the state budget deficit from external sources through external borrowing may exacerbate the crisis of external indebtedness in Iraq, if not directed to finance productive projects agreed with the institutions and international bodies funded, which makes the Iraqi government unable to continue to pay installments Religion and its benefits.

2. Internal and external wars

The result of these wars was the displacement of millions and the displacement of hundreds of thousands of Iraqis abroad, especially in the areas of northern Iraq and the center, the deterioration of food security of the community and the decline of human development indicators and the collapse of the process of economic development. Iraq has taken a decisive turn in the history of Iraq. US and allied forces occupied the country, abolished most of the institutional arrangements of the Iraqi state, and hastily set up new institutions at a time when the interests of ethnic and nationalist components varied and some found political change. You see it stolen. The incidence of violence and instability has increased to the extent that it has often been described as civil war, which has led to increased human, social, political and economic costs. The number of victims for the period 2003/2014 was estimated at 186,645 persons⁽²⁶⁾. The number of IDPs was estimated at 3.2 million according to 2015 data Of the 8.2 million people in need of humanitarian assistance according to the World Food Program data⁽²⁷⁾, and estimated the cost of reconstruction by about 250 billion dollars, despite the unprecedented rise in oil prices in world markets, which positively affected the revenues of oil exports achieved About 15 trillion dinars in 2003, to about 104 trillion in 2013 to 70 trillion in 2016, but the continued waste of oil resources and act on the basis that they are immortal resources, and the right of the present generation only and not for future generations right⁽²⁸⁾, contributed to the decline in growth In GDP. The economy has been beset with problems exacerbated by economic and social underdevelopment and under increasing burdens arising from loans first and then from debt, burdens and compensations imposed since 1991⁽²⁹⁾. In addition to the spread of the phenomenon of corruption and the difficulty of the government to perform its economic functions of the implementation of economic policies and the allocation of resources and the redistribution of goods and welfare among members of society⁽³⁰⁾.

The prevalence of corruption in Iraq and the complexity of its links and the interdependence of its mechanisms to an unprecedented degree has become one of the obstacles that threaten the march of economic



development. The reality confirms that the issues of administrative and financial corruption in the years after 2003 show the extent of this phenomenon in the economic, political, social and administrative aspects. In spite of all the legislation and efforts exerted in the fight against corruption in Iraq and the establishment of many institutions and organizations specialized in this area, but corruption is still prevalent in Iraq in a large and dangerous, since 2003 until 2016 Iraq at the bottom of the Corruption Perceptions of the Transparency International Corruption Perceptions Index so that Iraq was 1.7 and 166 sequence out of 168 common state⁽³¹⁾.

3. High unemployment rates

The problem of unemployment in Iraq is a problem of economic and social dimensions that clearly reflect the deficit in the economic infrastructure and the social imbalance on the social and economic dimensions. At the national level, unemployment is a social scourge that disrupts human capabilities, growth opportunities and economic well-being.

Many economists believe that there are many factors that caused unemployment. One of the reasons is that the population growth rate continues to rise at a high level. Available data confirm that the rate of increase was 3.1% annually⁽³²⁾. As well as the deterioration of the security situation and the lack of security contributed to the decline in foreign investment enhanced the principle of the operation of the national labor force and structural imbalances between the economic sectors and limited employment of the workforce⁽³³⁾, and the adoption by the US civil administrator (Paul Bremer) decisions have had a direct role in the aggravation of the problem of unemployment. The dismantling of the military institution, which had more than 550 thousand people between the volunteer and expensive, which caused high levels of unemployment during 2003 and 2004 to 28.1% and 26.8%, respectively, but the government expansion in use as a partial treatment of this phenomenon during the years 2005 - Shares in a reduced rate. Behold, to 11%⁽³⁴⁾, but Iraq suffered double of lower oil prices and the war against the terrorist organization of the crisis Daesh caused high rates of unemployment from 16.4% in 2014 to 25% in 2015⁽³⁵⁾, which caused the exclusion and marginalization of young people.

4. Economic sectors lag behind

The increase in the rental and unilateral nature of the Iraqi economy resulting from the control of the oil sector on the other commodity sectors has led to the imbalance of the relative relations that constitute the economic structure due to the poor coordination and interdependence between the economic sectors as well as the absence of coordination of economic policies and the weak interrelationship of economic relations



between different sectors, In Iraq, the services sector is characterized by a clear inflation and a relatively high contribution to GDP in a way that overshadows the relative contribution of the commodity sectors to GDP. Although the commodity sectors (And the agricultural sector) achieve positive growth rates that contribute to the composition of GDP but suffer from many distortions in their production structures. The rate of contribution of the agricultural sector is very low, which is only 5.0% since the political change. Thus, these modest percentages as a contribution to GDP indicate low rates and consequently a breakdown in the structure of agricultural production and the lack of production by meeting the food needs, Food gap in the Iraqi economy, as well as it reflects the decline in production and the increasing need for imports to meet the deficit resulting from this shortfall in agricultural production. As for the industrial sector, it was not better than the agricultural sector due to the looting and destruction of industrial facilities as a result of the recent war, as well as the opening of the Iraqi border to foreign goods cheap and high quality, so the rates of contribution to the composition of output is low, Exceeding an average of 1.5%.

Iraq has a weak and inflexible production structure that controls a small number of commodities, especially oil, so that oil revenues have been the only source of funding for development programs and government investment spending, so the Iraqi economy has become more vulnerable to external shocks caused by changes in international oil prices⁽³⁶⁾. The following table shows the contribution of economic activities in the composition of GDP.

Table (2) shows the relative distribution of GDP

At current prices by economic activity for the period 2003-2017

2017	2016	2015	2014	2013	2010	2005	2003	Economic activities
3.3	3.8	3.9	4.9	4.8	5.2	6.9	8.4	Agriculture, forestry and hunting
37.8	29.8	30.8	43.9	46.0	45.4	57.8	68.9	Mining and quarrying
2.3	2.0	1.8	1.8	2.3	2.3	1.3	1.0	Manufacturing
3.6	3.0	2.9	2.1	1.8	1.8	0.8	0.2	Electricity and water
6.6	9.3	8.7	7.1	7.3	6.3	3.7	0.7	building and Construction
10.3	11.0	10.0	7.2	6.6	5.8	8.0	7.7	Transportation and storage
9.00	9.6	10.0	7.8	7.5	7.7	5.7	6.5	Wholesale and retail trade, hotels and the like
7.7	7.8	11.2	7.7	7.7	9.5	7.4	1.3	Money, insurance and real estate services
19.40	23.4	20.3	17.1	16.0	16.7	8.9	6.3	Social and personal development services
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Gross domestic product

Source: The percentages were calculated by the researchers based on the data in: Republic of Iraq, Ministry of Planning, Directorate of National Accounts.

By tracking the relative contributions of the economic activities of the GDP constituent sectors in the table above, it is clear to us the extent of



the imbalance in the production structure of the sectors. The oil sector is at the forefront of GDP formation, Searching. The other sectors of the commodity sector were characterized by low rates to the extent that they were not commensurate with the available resources. The average contribution rate of the industrial sector, electricity, construction and construction in the GDP was 1.0%, 0.2%, 0.7% Which reflects the weakness of the economic structure and the structural problems of the Iraqi economy due to the political and economic chaos experienced in Iraq in 2003, where many industrial facilities that constituted the infrastructure of the national economy such as the iron and steel industry Cement and petrochemicals, as well as other industries such as fertilizers⁽³⁷⁾, sulfur and phosphate, all stopped working. However, after 2005, the contribution of the oil sector began to decline despite the great attention given by the state to it. This is due to the sectarian violence and low oil prices after mid-2008 The signs of the financial crisis, which was exposed to Iraq and the low oil prices and the war against the organization calling the terrorist. However, the oil sector remains at the forefront of its contribution to the composition of GDP. In contrast, other economic sectors witnessed a slight recovery due to expansionary fiscal policy in that period. In the years following 2003, Iraq was unable to find a balance of growth for other non-oil sectors, namely the agricultural and industrial sectors, both of which were destroyed and neglected due to the impact of the unjustified import policy⁽³⁸⁾.

5. Limited private sector

The realistic view of the reality and capabilities of the private sector is very important for many reasons, the most important of which is the existence of this sector present at the origin and therefore can not be deleted from the economic scene and the reason is the growing call for this sector is the leader of economic activity in the internationalization of economic life and the phenomenon of growing globalization . The reality of the private sector after 2003 shows that it is a limited sector due to the looting that targeted many private projects. The opening up with the outside world has flooded the local market with many goods and services at very cheap prices that are difficult for the private sector to compete with. As well as the low levels of productivity, lack of raw materials and energy, and the security situation and its deterioration, which led many individuals to leave the country to Syria and Jordan because of the kidnapping and extortion of their families by terrorist gangs. At an estimated capital that entered Jordan after nearly two billion dollars in 2003 ⁽³⁹⁾. As presently estimated Iraqi investments in Jordan more than \$ 15 billion.



These conditions contributed to the small role of the private sector in the investment activity of the country. The International Monetary Fund estimated total Iraqi and foreign private investment in the Iraqi economy at \$ 1080 million, representing 4.2% of GDP in 2004 and its absolute value in 2005 to reach \$ 1161 million And 3.5% of GDP⁽⁴⁰⁾. The contribution of the private sector to the formation of fixed capital was low, with the average contribution rate of 5.0% after 2003 to the present time, and thus the activities of this sector are still very small.

6. Insufficient public institutions

The government has about 192 institutions, characterized by the main product of basic services such as electricity, water, building materials and petroleum products. Its production constitutes a large proportion of the production of consumer goods and inputs of industrial production, but its products are characterized by high cost and poor quality. In addition, these institutions are the largest employer of the labor force after the central government, and 25% of the factories of the state institutions are empty structures that were destroyed during the war, but the employees of those institutions continue to receive their salaries simply because they attend the work site and thus constitute a burden on the state budget and drain (Financial resources)⁽⁴¹⁾. In addition, most of these institutions suffer from underdevelopment and technological obsolescence due to economic sanctions. Due to the inefficiency of these projects in achieving the necessary revenues to cover production costs, the government provides direct support through cash transfers through the public budget. \$ 2.5 billion, equivalent to 3% of the general budget. Support may be indirect by providing electricity, water and fuel to these institutions free of charge or cheap. Despite the support provided by the government to its institutions, most indicators and data indicate that these institutions are exposed to large financial losses⁽⁴²⁾. The increasing dependence on these institutions has a negative impact on the overall economic growth because it is based on the transfer of part of the government's public expenditure of education or infrastructure to it.

The fifth requirement: ways to promote economic development

In order to be able to formulate an economic development policy that gives hope to eliminate backwardness and dependence and address structural imbalances, it is necessary to complete the process of transformation towards progress and achieve sustainable development by embracing a development alternative that puts the country in its rightful place and employs it to serve the people. Self-advancement and progress, and employs the external agent in the service of national development.



The trajectory of economic development in Iraq is seen as linked to oil revenues. The state's reliance on oil as the main source of revenue to finance development in forty years, which threatens the process of economic development and determine its dimensions, in addition to restricting Iraq's strategic options with many variables and policies, The structure of the Iraqi economy, its sectoral structure, and impeding the implementation of the objectives of the state⁽⁴³⁾. It is therefore essential to diversify Iraq's economy from an economy that relies heavily on oil revenues to an economy characterized by a gradual increase in the contribution of other sectors to GDP, especially the productive sectors of agriculture, industry and tourism. And an increase in the employment rate, particularly among young people and women. To achieve this, there are some general elements that can contribute to the creation of a diversified economy and the advancement of economic development, including:

Public Finance Reform

The weak state faces difficulty in controlling the management of the public budget and the total expenditure is a source of corruption, because in light of the weakness of the mechanisms of supervision and implementation, it becomes a field for systematic looting and misappropriation of public money. It presents a bad example of how to manage the resources of the society. To spend. The reform of the budget and the strengthening of transparency frameworks and public and public control of them means facing one of the biggest manifestations of corruption and corruption in the country. The reform of the tax system has an important role in enhancing public revenues. This is achieved through the establishment of tax systems based on direct taxes, fees, private sector institutions, personal income tax and the expansion of the tax base, as well as raising the tax rate on companies and projects in order to contain the budget deficit. The imposition of these taxes stems from the need for government resources because the economic development process creates pressure on available resources and requires intensive investment for the development of education, health and infrastructure.

Adopt the layout

We should distinguish between central planning, strategic planning and administrative chaos, which we seem to be closer to than ever before. The process of managing state institutions and governance lacks deliberate, purposeful and rational work. Today, it follows the daily paths without a clear, specific future horizon. As a result. The capitalist world does not leave things to chaos, nor does it go unhelpfully. Public and private institutions rely on the concept of strategic planning and results management.



The absence of conscious and real planning in Iraq has led to further waste of oil resources, greater freedom of public funds, increased corruption and increased corruption in the economic and political practice of state institutions and government. The industrial sector in Iraq should play a major role in advancing the economic development of the developed countries and some of the transformative countries, as it is considered to be a justification for the adoption of strategic development planning at an appropriate level and in all sectors of the national economy. This sector is an important source in supporting and financing economic development and the development of other economic sectors. This is done through the adoption of an industrial policy through which economic management diagnoses sustainable economic activities, especially productive sectors, which are among the most important engines of economic progress. To find productive land that contributes to the use and generation of foreign exchange.

The agricultural sector can play an important role in achieving food security and income as well as providing job opportunities for a large proportion of the population as well as providing raw materials for many manufacturing industries. The availability of natural resources in quantity, quality and human resources are important elements of the success of economic plans and the strong basis To achieve economic diversification policies.

Iraq's water resources are generous compared with other countries in the region, and play a role in covering basic needs and securing agricultural requirements. The Tigris and Euphrates rivers are one of the main rivers in Iraq. These water resources can contribute to the rehabilitation of large areas of agricultural land, which have been exploited properly, through the construction of dams and irrigation channels.

Reliance on foreign investment

Economic growth, economic development and the improvement of the standard of living are no longer easy in most developing countries, which lack the financial and technical resources necessary for the economic development process. Investment is one of the most important macro economic variables. The degree of development and development depends on the size of the local investment On inflows of foreign investment and on investment efficiency as a means of increasing production capacity in the national economy.

The importance of the role of foreign investments in being one of the most important sources of external financing for the process of development and reconstruction of Iraq and the solution of some of the



sectoral problems of the Iraqi economy This role is linked to the possibility of foreign companies access to their huge financial potential and ability to bring advanced technology and opening employment opportunities and introduce modern methods of management and work in light of the traditions of the era And the training of national cadres administratively and technically that the problem of financing development and reconstruction of the wars destroyed by the infrastructure and the blockade of Iraq and bridging the gap in underdevelopment, so there is an urgent need to promote investments Direct prophetess and attract them through the appropriate environment for attracting and reliable sources of external financing for the advancement of the Iraqi economy and reconstruction. Which called for the adoption of economic programs and policies that will work to attract investments by granting many facilities and competitive advantages of foreign capital as well as the establishment of legislative and institutional frameworks to encourage and regulate the work of foreign investment on the reconstruction of Iraq and solve the sectoral problems of the Iraqi economy.

Activating the tourism sector:

Tourism is one of the largest sectors generating jobs in many different fields. Tourism is a labor-intensive industry and one of the activities that effectively contributes to increasing foreign exchange earnings for foreign tourists. Tourism in Iraq is divided as follows:

First: Religious tourism: There are many holy places in Iraq including Najaf and Karbala in the holy city of Baghdad and Samarra, these places attract many international tourists, where the estimated spending of these tourists between one billion dollars to 2.5 billion dollars annually. It is also possible to say that this tourism can be relied upon to significantly increase public revenues and contribute to the creation of a sector that can have a positive impact on the national economy, despite the government's ability to promote this sector, but did not achieve its mission in financing economic development programs. Therefore, the government should stimulate investments in this sector and establish tourism companies with advanced administrative and media capabilities.

Second: Historical Tourism: Iraq is the cradle of many ancient civilizations. These included Sumerian, Akkadian and Babylonian civilizations, as well as Iraq's possession of some ancient cities such as Ur, Kish and Babylon. These civilizations and historical cities attract many archaeologists and foreign tourists.

Third: Ecotourism: This tourism in Iraq is still in its infancy except for the Kurdistan region, which has a green mountainous nature and can



provide a welcoming environment for foreign tourists. The marshes in the city of Nasiriyah, Amara and Basra are a historic site for the cities of the Mesopotamian civilization and an important incentive in encouraging tourists to move towards these sites and a major pillar of tourism attraction.

Stimulate the private sector

The available indicators show that the private sector occupies an important position in the Iraqi economy at the present time and can be developed in order to enable it to play a greater role in production, investment and employment opportunities in the future. In addition to its superiority over the government sector in some activities such as agriculture, industry, construction, construction, transport, trade and ownership of housing, and accordingly there should be an invitation to increase the role of the private sector. Through a wide range of legal, institutional and regulatory reforms as a means of transforming Iraq into a modern and flexible market economy and requiring a range of measures, including facilitating streamlining and streamlining of government action in Iraq, and trade and regulatory reforms accompanied by the development of a transparent institutional and legal framework And simplifying the promotion of private sector work and laying the foundations for the rehabilitation of state-owned enterprises characterized by coherence, clarity, transparency and inclusiveness, and encourages privatization and privatization. Government banks must be restructured to encourage the integration process. To privatize and expand lending. As one of the most important strategies, methods, policies and procedures for the development of alternative sectors of oil and government use in order to eliminate the monopolization of the economy and to find sustainable sources of employment.

Small businesses substitute for large

Expanding the base of small enterprises can serve to promote the culture of productive and productive work among young people and contribute to the creation of income-generating employment opportunities for new entrants in the labor market, the absorption of thousands of unemployed and the economic, social and political integration of young people. The importance of this developmental requirement stems from the fact that SMEs are the predominant type of projects in Iraq, absorb a large number of the labor force in the private sector and contribute a large share of non-oil GDP. Therefore, strengthening and supporting these projects and creating the right environment for their work will pave the way for the way to activate the role of the local private sector in the Iraqi economy.



Conclusions:

1. Poor coordination and sectoral linkages between sectors of the national economy, as well as the absence of coordination of common economic policies.
- 2 - stumbling in the paths of economic development in different periods of time experienced by Iraq except the seventies of the last century.
3. The continued decline in the contribution of the private sector to the formation of GDP.
- 4- The security instability led to the weakness of investment and the flight of funds outside the country at a time when this money was supposed to be used to establish economic development projects that serve the citizens by providing job opportunities.
- 5 - Debt service was a heavy burden on the Iraqi economy, which requires deducting an important part of the revenues of the Iraqi government to pay those debts, at a time when Iraq needs to use that money for reconstruction and investment in infrastructure.

Recommendations:

1. Improving legal infrastructure encourages private sector institutions with incentives to invest in productive activities such as capital accumulation, development of new products and production technologies.
- 2 - Reforming the budget and strengthening transparency frameworks and public and public control over them, means confronting one of the biggest manifestations of corruption in the country.
- 3 - The need to find an efficient administrative system capable of completing the process of development planning.
- 4 - Developing the productive and service sectors as one of the most important strategies, means, policies and procedures necessary for the development of alternative sectors of oil in order to eliminate the unilateral economy and to find sustainable sources of funds.
- 5 - To attract and encourage foreign investments in a manner that contributes to the financing of productive and service projects and guarantee the rights of the community in economic development.

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Rationalization of Energy by Using Prepaid Devices: Najaf City as A Model

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Abstract

Increasing demands of electric power recently has pushed the government to find multiple solutions that force the consumer to use energy an optimal utilization and rationalize it. The main aim of this paper is to improve customer acceptability of Prepaid Meters and determine management strategy in promoting prepaid usage. Though, this solution did not meet the required purpose. In this sense, this paper focuses on: (a) establishing the culture of concern for public money, (b) launching of the largest and widest process of rationalization of energy consumption by the consumer and not by the product only, (c) obtaining production costs immediately through the use of pre-payment devices. One of the major findings of this paper is that the rationalization of energy by 1% of the daily consumption of the citizens, will provide approximately 4 megawatts for the province.

Keywords- Energy Save; Rationalization; Prepaid Meters; An Electric Management Strategy.

1. Introduction

The need for electrical power is dramatically increasing as a result of the trend to use modern technological means and methods, to meet the daily needs in order to improve life patterns. This has led to the widespread use of a lot of modern electrical appliances, whether in homes or places of work, such as air conditioners, washing machines, dishwashers, dryers, blenders, televisions, receivers and computers. Additionally, lighting is regarded as the main consumer in the low consumption devices in homes. However, electrical appliances are regarded the main consumers in the high consumption devices in this sector, which could affect the increase of the electricity bill value. Therefore, the energy must be consumed with more efficient manner, which clearly covers at least two related troubles. First is to improve access of infrastructure services. This challenge stimulates the private sector involvement, industry restructuring and other subsequent regulatory reforms.



Second is to create the cost-reflective tariffs. This challenge stems from the goal of economic efficiency to make sure that consumers can bear the services. These concerns prompted the companies and regulators to determine the technological and regulatory options that aim to promote access of consumers to pay for their services and make it easier. In both cases, Latin America has been a pioneer in adopting innovative mechanisms. In the first case, it was encouraged to obtain higher rates of services through the establishment of community participation, small credit programs, and the use of modern technologies. In the second case, it has sought to raise the affordability through the use of tools that ease the burden of bills by reducing the cost and using an alternative means of payment ^[1].

The main objective of this paper is to find strategies to promote the acceptance of customers to the mechanics of prepaid and handling.

Electrical power is produced in most cases by using fossil fuels (oil and its derivatives, 82%) ^[2], which requires non-draining and preserving for future generations. Thus, the need has called the advanced and developed countries, to implement programs raising the efficiency of energy supply (production, transport and distribution) ^[2].

The rest of this paper is organized as follows: Section 2 provides the necessary sources of energy, ways of acquiring them and their types. Section 3 describes detailed study of electric power and its consumption and collection in Najaf during September 2016. Power distribution in Najaf (3.1), and electricity revenues (3.2). Section 4 shows implementation of traditional and pre-payment mechanism. Section 5 gives the results and discussion of the squatters on the electric power grid in Al-Najaf province. Section 6 explains how to rationalize the consumption of electric power. Finally, Section 7 concludes the paper in addition to practical recommendations.

2. Sources of Energy, Ways of Acquiring them, and their Types

Energy is one of the main components of civilized societies and needs by all sectors of society. Energy is the capacity to do work. In addition to the urgent need to in the conduct of daily life as it is used in the operation of factories and moving the several means of transport and the operation of home appliances and other. Internationally, there is an boost demand for energy, especially electrical energy. Oil prices increasing not only that but pollution continues to rise because of burning of fossil fuels, and the probability of oil supply depletion remains.

To understand the power, it must know the sources and limits, and their uses. To develop a good and effective policy, it must identify the



amount of energy produced and the range of permanence and continuity. The answer to these questions is not easy because it depends on future consequences for the extraction of these resources, amount of consumption and energy prices ^[3].

Primary energy is taken directly from the environment, while the secondary energy transformed from the primary energy in the form of electricity or fuel. Distinguishing primary and secondary energy sources is significant in the energy balances to count and record energy supply, losses and transformations ^[4].

Three distinguishing groups of primary energy are:

- Nonrenewable energy (fossil fuels): coal, crude oil, natural gas and nuclear fuel.
- Renewable energy: solar energy, wind, hydropower, geothermal, ocean energy and biomass.
- Waste.

2.1 Non-renewable Sources

A non-renewable resource is a resource of economic value that cannot be readily changed by natural means on a level equal to its consumption ^[5].

1- Fossil sources which come from the earth and are of three types:

A- Oil (which Iraq depends on).

B- Gas (one of the sources which Iraq is spreading in use.)

C- Coal (not supported in Iraq).

2- Nuclear sources (not supported in Iraq).

2.2 Renewable Sources

Renewable energy generally sets as energy that is composed of resources which are naturally replenished on a human timescale, such as rain, sunlight, tides, wind, waves and geothermal heat.

Renewable energy almost provides energy in four cases: electricity generation, water and air heating/ cooling, transportation, and rural energy services ^[6].

Renewable energy resources occur over wide geographical areas, in contrast to other energy sources, which are concentrated in a limited number of countries. Rapid deployment of renewable energy results in significant energy security, climate change mitigation and economic benefits ^[7].



- Water resources (one of the sources available in Iraq, with the possibility of development and reliability).
- Biofuels (considered one of the important sources that are potential candidates for adoption when conditions are suitable).
- Solar energy (which is one of the important sources that are potential candidates for adoption when conditions are suitable).
- Wind power (which is one of the important sources that are potential candidates for adoption when conditions are suitable).
- Tidal power (not supported in Iraq).

The amount and the importance of energy is a known fact to all, so this paper expresses that and devotes efforts to find alternatives to the early concerns in countries worldwide or their institutes and research centers ^[8].

The burning of oil, gas or coal, or using a nuclear reactor to heat water and turn it into steam which then rotates turbines, generates one of the main forms of energy, namely electric power, which is regarded today as a non-efficient process.

On the other hand, the efficiency ratio ranges from 35-80% from a non-renewable resource. As for renewable energy in generating electricity, for example, from the sun or wind or water resources, they are of highly efficient range of 60-85%. This is new today in most countries of the world having benefits and correct rules that underpin it and its audience, with regard to it as the green energy.

Iraq is a member of the Organization of Petroleum Exporting Countries (OPEC) and covers an area in excess of 430,000 km² and the amounts of fuel used in the power stations on 2016 are (8936) million liter of Crude oil, (4397) million liter of Fuel oil, (248) million liter of Diesel oil, (962) million liter of Gas oil and (6166) million liter of Natural gas. The proportion of fuel use (oil and its derivatives) in power stations on 2010, 2011, 2012 and 2016 are shown in Figure 1.

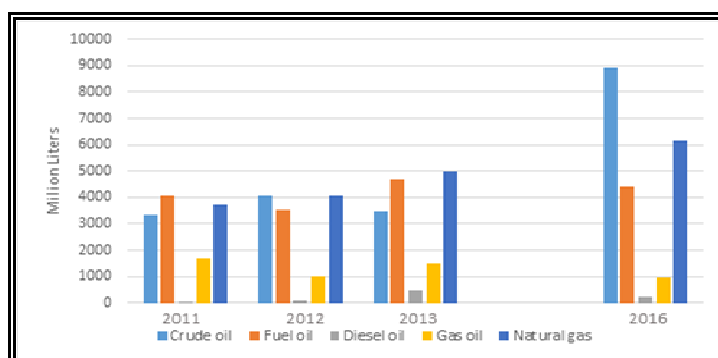


Fig. 1- Fuel consumption



The amount of produced energy (Iraqi power stations) for 2016 is (9240) Megawatt, and the amount of imported energy is (13104) Megawatt. Total energy (produced and imported energy) to the consumers from 2010- 2016 are show in Figure 2. The amount of carbon dioxide emissions by the power stations in 2012 are (187 million ton) and in 2016 approximately (481 million ton) ^[3].

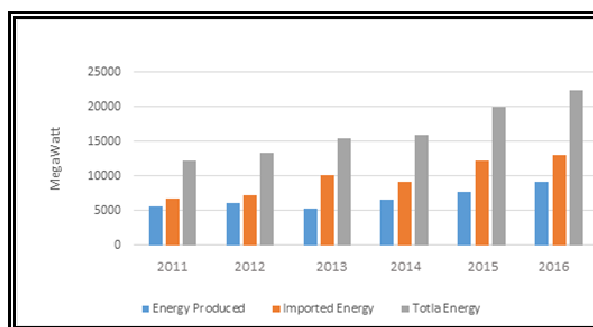


Fig. 2 - Total energy (produced & imported)

The applicable tariff achieved in 2016 revenues of (824 billion ID) for energy sold to the consumers, the quantity was around 42 million Mega Watt; while there has been real cost amount (4455 billion ID) ^[2].

In reality, the generation of electrical energy (renewable and non-renewable) in Iraq are exposed to extreme abuse in usage. It doesn't matter how much these sources increased or expanded volume of production, the control of the consumption is difficult and often is impossible in Iraq, which are witnessing a continuous turmoil in their growth. The electric power is a reference to a major artery of the infrastructure to build the country (countries). Whenever the country reaches efficiency in its production and consumption, it will bridge the gap to begin production and turnover of the wheel. In this sense, this paper refers to the important and radical solutions by specialized technology in the field of information and smart applications.

3. Electric Power Consumption and its Collection in Najaf during September 2016:

A Detailed Study

This paper gathers data on the number of electricity consumers and transgressors in the province. Besides, how to collect money from the distribution of electric power to the consumers in favor of the government using traditional methods? As well as putting forth virtual alternatives to deal with cases of energy waste/ rationalization.



3.1 Power Distribution in Najaf

The number of registered subscribers on September 2016 in Najaf province is around 172 thousand for a single or three-phase connection according to the load or receiving request. **Table 1** and Figure 3 shows the division of those subscriptions ^[9].

TABLE 1: Subscriptions Division

No. of registered subscribers	Subscription type
146,422	Home subscriptions
14,930	Commercial subscriptions
2,288	Industrial subscriptions
2,014	Agricultural subscriptions
6,283	Government departments subscriptions

The total energy supplied by the central government to the subscribers has reached 400 megawatts/ hour on September, 2016 ^[10]. The power supply depends on the atmospheric changes of hot and cold in the peak load. An estimated energy needed for the Najaf province is 800 megawatt/ hour in summer season.

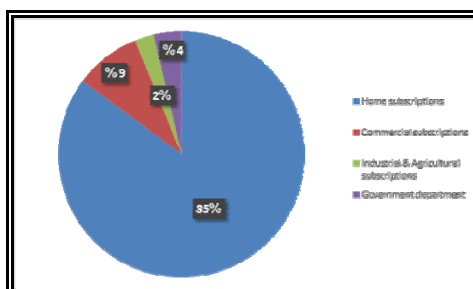


Fig. 3 - Power distribution on subscribers

3.2 Electric Energy Revenues

The tariff obtained from the participants (kilowatt/hour price) varies in price according to the consumed energy by the subscriber for one month and for all varieties. **Table 2** shows revenues of the electricity ^[10].

Table 2: Electrical Energy Revenues

Number (Units)	Price (ID)
Home subscriptions	
1- 1500	10
1501- 3000	35
3001- 4000	80
4001 and above	120
Commercial subscriptions	
1- 1000	60
1001- 2000	80
2001 and above	120
Industrial, Agricultural, and Government departments subscriptions	
All units	120
1 USD \$ = 1200 ID	



The prices are not equal to all subscriptions (houses, Commercial shops, factories, farms and Government departments) ^[2].

Since the processed amount of energy to the province is 413 Megawatts in September 2016, so the amount levied imposed from the subscribers is 3,223 billion ID, while the verified (the amount levied by the enumerators and the main collection stations in the city) is 1,559 billion ID ^[9].

In other words, the proportion of collection (payment by the consumer) is 48% with a load amount of 1,663 billion ID. This amount is added to the amounts retained from the previous months. Thus, the value of retained amounts for the previous months become (debt owed by consumers) 73,896 billion ID, Figure 4 shows the collected, spinner and imposed amount details ^[9]..

Billion ID	73.

Fig. 4 - Collection with retained amount

4. Implementation of Pre-payment Mechanism

Pre-paid metering has been in the market as a ready option for consumers in many countries abroad. Prepayment metering system has slowly and gradually started to gain foothold in power sector scenario in Iraq. At last few years, various utilities have been embarked upon the journey of prepayment metering system with due approval from the Ministry of Electricity in Iraq.

4.1 Traditional Payment Mechanism

The accumulation of debt owed by consumers, whether citizens, factories, and private or governmental institutions, have several reasons and causes which can be figured out by understanding how to read convention all measures by means of enumerators and methods of collection and payment.

The scale reader (meter) is an employee of the state and is limited by official working time. This causes difficulty in reading most of the standards for homes and institutions due to the absence of homeowners at



times. Therefore, the calculation of the consumption value is often speculative. The percentage of reading at best reaches up to 85%, which is mostly speculative. In addition, the difficulty in payment by the consumer within the times specified for payment due to the fact that most customers depend on their monthly income, which is contrary to the date of payment or the scale reader's visit and the figure 5 illustrates the flowchart of issuing electricity list from the counter down to the customer^[11].

Distribution diagram lists from the sales department to the sectors is illustrated in figure 6 below^[11].

The method of obtaining funds is done through location collection by the counter or through citizen's payment to the collection centers in sectors or even by checks. Scale reading is explained in the electricity paper, which is the number of units disbursed by the subscriber and read by the reader machine (counter). The number of issued lists are (84014) for September. In case of the payment omission in the specified period, the following measures are taken:

1. Cut off the electricity until payment.
2. Otherwise (in case of payment refusal), a lawsuit is held for the purpose of obtaining money.

Currently, the traditional system is used in the province which is based on the idea of the meter. The meter contains an aluminum disk, on which there are two magnets field that separated by 90 degrees. One of them is generated by a coil that connects between the ends of the electrical entrance, which depends on the voltage. however the other is generated by a coil in which the current passes through as well as to the load. Thus the rotation speed is a function of the power consuming. This device can be easily manipulated using more than one way to reduce the amount of energy measured.

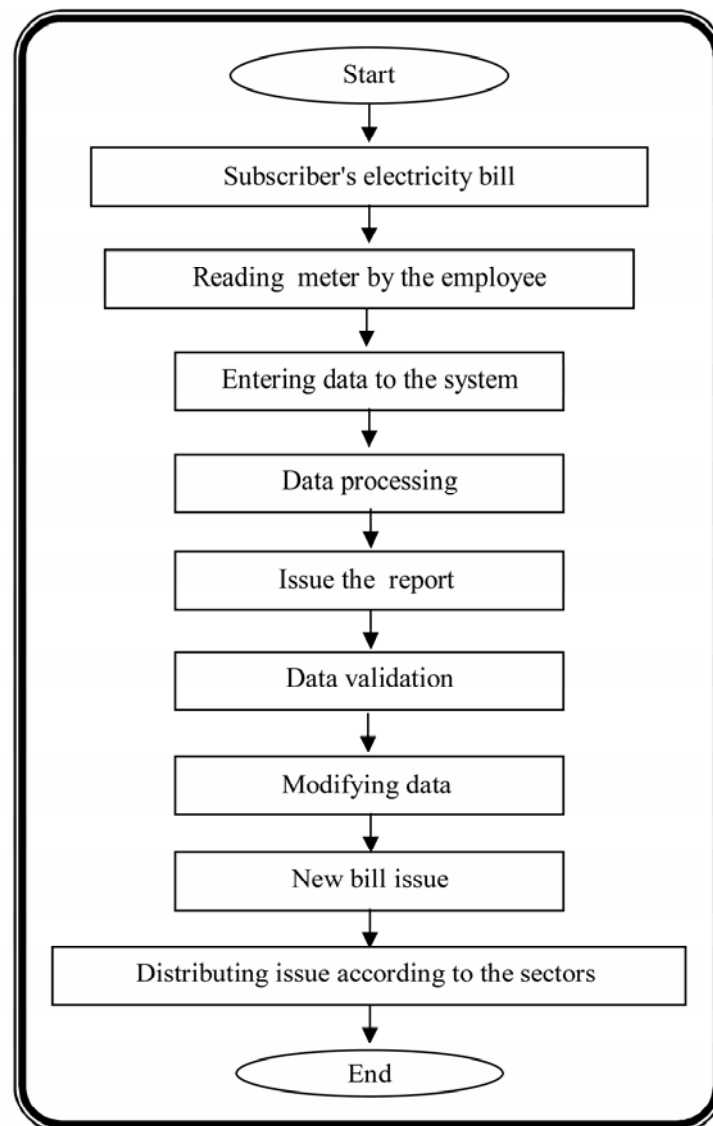


Fig. 5: Electricity list issue cycle.

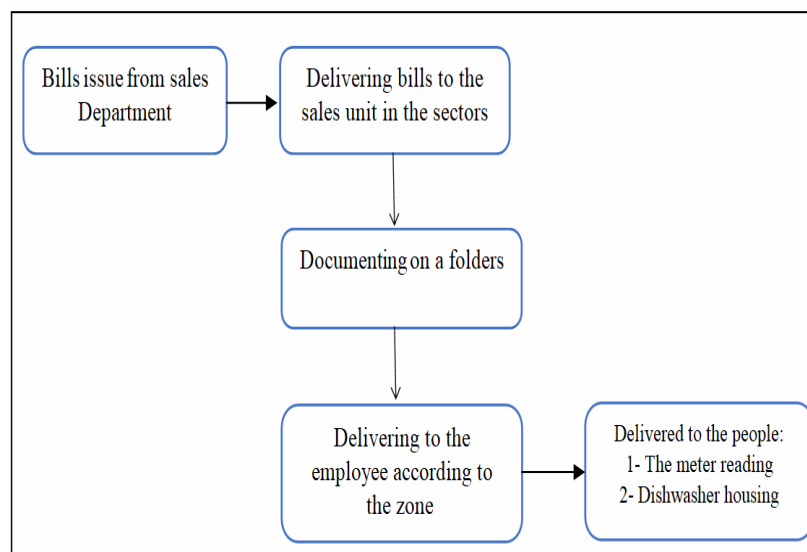


Fig. 6: Electricity list distribution diagram



Recently, the companies of electric distribution called for the introduction of smart meters to the provinces. These meters are able to store and display the information manually and automatically as well. Also, it can be connected to the computer through a compatible software via multi-touch systems or mobile devices. Furthermore, the possibility of reading meter from a distance about (50) meters without the need to enter the home or building. In addition to bearing high temperatures, humidity, dust-proof, rain-proof, and detects manipulation for about 200 cases of manipulation through flashing red warning light, recording time and date of occurrence. It is also distinguished by its high reliability and is not affected by magnetic fields, as well as the ease of reading information from the meter due to the presence of a back-lit screen. With the possibility of working under a single introductory for up to eight introductory which are regulated by the electric power consumption and peak time. Although the smart meters provide the necessary security solutions to the problem of manipulation and reading the meter locally, but it doesn't contribute in the rationalization process ^[12].

4.2 Prepayment

It is obligatory to begin the implementation of this project due to the growing complaint by the subscribers to the calculation of consumption value using the electricity meters in houses, as well as increasing the value of the electricity bills above the expected level. In addition, to the large benefits of prepayment devices in the rationalization of energy consumption rate, the users can consume electricity only after purchasing of electricity, and when the electricity purchased is finished, the power supply will be automatically cut off ^[13].

The prepaid counters are distinguished by the feature of uninterrupted service in the case of running out of the value of pre-balance payment on public holidays and for a period of twenty-four hours, but the meter will work and calculates the value of negative depreciation. The value of additional consumption is deducted when the subscriber recharges his tally, where each home-owner can follow their consumption accurately, thus the system will force the consumer to rationalization. Additionally, it solves the problem of the difficulty of collecting electricity charges and therefore also solves the problems of workload on reading meters and collection of fees. Thus, the role of enumerators (scale readers) are limited to a supervisory role only.

5. Transgressors on the Electric Power Grid

The phenomenon of overtaking on the electric power grid by taking power into shops and houses in the manner of robbery is a major obstacle to the maintenance of the stability of energy provision in the province, as



well as what these abuses cause of continuous power breakdowns in power cabins.

The number of total transgressors in Najaf, according to the report of September 2016, is 46395, Figure 7. The reason is tracked to the emergence of random cases and the lack of security, accountability, and conversion of agricultural land to residential land without consensus with the energy distribution of the region ^[14].

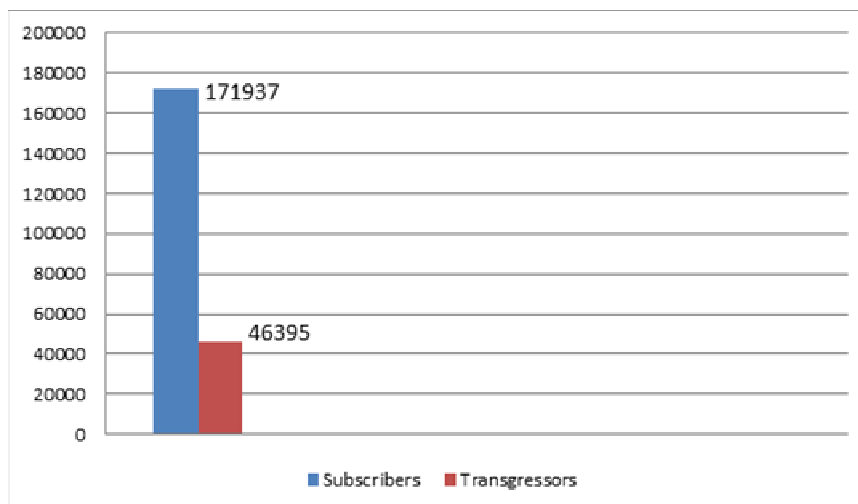


Fig. 7 - Subscribers and transgressors

The General Directorate of Middle Euphrates Electricity Distribution formed twenty groups, within the campaign of raising abuses and energy conservation on September, 2016, for the establishment of 14 lawsuit to the purpose of obtaining money from the transgressors. It released 259 ultimatum to save energy. The number of abuses which have been filed reached 791 cases in the various sectors of the province.

Najaf Electricity Distribution Company suffers from the cases of transgression and loss, which exceed 30% in most cases and its wages cannot be met taken. Wasted energy is visible in lighting poles in the streets, the grid lines and generators in the province and the random transgression cases.

6. Rationalization of Electricity Consumption

The rationalization of electricity consumption is not a restriction on the freedom to use electric power or compromising the efficiency of appliances and equipment. Nor does it mean the reduction of energy consumption, but the optimal consumption of electric power resources, thereby reducing wastage by relying on wise methods and measures in various sectors. There are several benefits to saving energy, including:



- 1- The optimum exploitation of energy resources, including oil and its derivatives, used in power plants.
- 2- Conservation of energy sources for future generations.
- 3- Reduction of necessary investments for the construction of stations and commission of their necessary maintenance.
- 4- Improving the environment by reducing greenhouse gas emissions.
- 5- Reducing the electric bill and thus reducing the financial burden.
- 6- Supporting the industry by providing the required quantities of energy and the development of the national economy.

A simple equation for energy savings, increased by 1% of the daily consumption of the citizens, it will provide approximately 4 megawatts for the province. This saved energy is enough to run several plants including the Ready-Made Clothes Factory, which needs less than 3 megawatts to run the plant in all its sectors, this plant which was founded in 1981 and with a production exceeding 220,000 pieces/month. in condition of sufficient quantity of electricity for the plant. The number of workers at the plant exceeded 1200 employees [15].

7. Conclusion

The importance of rationalization is summarized in the optimal consumption of fossil energy sources and preserving it for future generations, as well as the adoption of wise methods and measures for the optimal utilization of electric power, that leads to supporting the industry and developing the national economy. Also, state institutions play a big role in the responsibility for legislation, implementation and censorship next to the media and technical role in educating citizens of the importance and means of saving energy.

- Legislative; through developing laws that contribute to rationalization.
- Implementation; in the implementation of specific programs in the rationalization process and removing obstacles.
- Censorship; in monitoring the implementation of such decisions to assist in the rationalization.
- Technical; by introducing the rationalization technology for the optimize use of devices and electrical equipment.

8. Recommendations

- 1- Pre-payment devices should be applied because of their many benefits in:
 - Increasing the rationalization of energy.
 - Raise awareness among citizens and made them the first contributor to rationalization.



- Reduce the percentage of transgressors on the national network.
- Convert a lot of employees (collectors) into energy observers.
- 2- Continuity of providing support to the citizen by:
 - Installment of the amounts of equipment and linking and for a sufficient time.
 - Supporting the citizen by providing a system;

ACKNOWLEDGMENT

It is our great pleasure to appreciate the big efforts of the General Directorate for the Distribution of the Middle Euphrates Electricity, Directorate of Najaf Electricity Distribution for their many insightful discussions, steady encouragement and numerous professional and personal help during this research. It could not accomplish anything without their kindness and support.

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Proposing a Rigorous Tax Audit Procedures in IRAQ

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Abstract

The concept of tax audit procedures is related to the provisions and use of tax audit by the government tax agencies Internal Revenue Service (IRS) that are collecting tax from companies and individuals who are by law bound to pay tax. The major purpose of this study is to investigate proposing a rigorous tax audit procedures in Iraq. The study generated data from individuals, companies, tax experts and IRS staff through a cross-sectional questionnaire survey approach using drop and pick means of data distribution. The finding from study tested show that factors such as : individuals, companies, tax experts and IRS staff are key factors impacting tax procedures. However, the finding also show that individuals and companies point of view the audit procedure in Iraq lack the Accuracy and Flexibility and take long time to be accomplish. The results are slightly worse from Companies' point of view comparison to Individuals' point of view. The result are slightly worse from companies point of view comparison to individuals. The same finding from tax point of view the audit tax procedure in Iraq lack the accuracy but it's slightly quick and flexible. As expected, from the IRS staff's point of view the audit tax procedure in Iraq is accurate, quick and flexible which indicated a big problem because of the gap between the IRS staff clients point views.

Keywords : Tax audit procedures , IRS processes , taxpayers

1.0 Introduction

Generally, the tax audit procedure seems to be the same and similar across many countries of the world. For instance, critical observations across European, Asian and Middle East Countries revealed similar tax audit procedures applying. Thus, no major clear differences among the various taxes audit procedures in these countries can be found. For better understanding, first, it is important to define tax audit. Many views of tax audit have emerged over the time. For instance, it is refers to as enquiry into the background of tax returns which is often submitted by the tax



agency or individual. Thus, it is a proper investigation of the tax return to ascertain the fact about the tax returns which the taxpayers paid.

According to Inland Revenue Board of Malaysia (2003) "A tax audit is an examination of a taxpayer's business records and financial affairs to ascertain that the amount of tax due should be reported and paid are in accordance with tax laws and regulations". Similarly, Tally Solutions (2009) argued that generally, the word audit is always attributed to financial statement. In that, it means the financial statement auditing of the companies. They further argued that in a situation like that, it is expected that the auditor would provide professional and experts view with regard to the quality of the financial statement by proving and confirming the authenticity of the statement. In fact, they put it in this manner "Audit implies to non-financial matters as well, like audit of operations, efficiency etc. In simple terms, Audit means critical and intelligent examination of facts – financial or otherwise, to give in the form of certificate or report an attestation, an expert opinion or advice".

Audit could also be referred to as the independent assessment of financial information that involve any company which could be either profit oriented or not, regardless of the size and legal form of such company, especially when the assessment is being carried out and then provide proof for opinion.

Tax audit often creates feelings of anxiety to the taxpayers even when it is perceived that the tax documents are in good shape. Although, tax audit emanated as a result of irregularity in the tax being collected, or could also be as a result of conducting a sample random sampling which then dictate a irregularities.

The important of tax audit cannot be undermined in any economy. For instance, tax audit help the government to ascertain the actual amount being collected as a tax from the taxpayers. Accordingly, it helps the taxpayers to know whether they have paid the actual amount due to them as tax or they have over paid the amount they supposed to pay. Similarly, the tax audit assists the government in making accurate decisions and policies which have to deal with money such as the budget because most of the money announced in the budget is the money collected from the tax. Thus, knowing the actual amount collected would help the government to be precise in the budget decisions. According to the Inland Revenue Board Malaysia (2013), tax audit would definitely assist audit officers to carry out their tasks efficiently and effectively, and assist taxpayers in fulfilling their obligations.

From the ongoing, we could understand that tax audit involves series of processes that are conducted by either the tax agencies or the Internal



Revenue Service (IRS) and by State departments of taxation. These are the organizations that are charged with responsibilities of overseeing the tax process of collecting tax from companies and individuals who are by law are bound to pay tax.

Tax audit have being considered very rigorous and cumbersome by many people. However, in the recent times, the tax agencies have tried as much as possible to make the process more comfortable. For instance, Inland Revenue Board Malaysia (2013) noted that a tax audit is usually seen as a routine, which in the past has gained a reputation of being an extremely nerve wracking process for the taxpayer. Despite this, it is believed that in the recent time, many government tax agencies attempt to make the process of the tax audit as comfortable as possible for all parties concerned.

As (Andreoni and al. 1998) declare The problem of tax compliance is as old as taxes themselves, Characterizing and explaining the observed patterns of tax noncompliance, and ultimately finding ways to reduce it, are of obvious importance of nations around the world. The economics of tax compliance can be approached from many perspectives: it can be viewed as a problem of public finance, law enforcement, organizational design, labor supply, or ethics, or a combination of all of these. And as (Hsu, L. (2013) suggest that individual taxpayers' willingness to detect evasion can be very strong and should not be ignored when designing a compliance improvement audit scheme. To implement the endogenous audit mechanism in the real-world tax environment, an economical and simplified procedure can be annexed to the tax-return filing process.

2.0 Overview of tax system in Iraq

Iraq is one of the Arab countries in the Middle East with its capital city as Baghdad. It is one of the countries that make up the gulf Countries. Iraq is comprised of eighteen administrative divisions, known as governorates, three of which comprise the Kurdistan Regional Government (KRG). It is a country governed by a documented constitution, thus, this made Iraq a federated state just like any other country such as U.S.A with a federal states.

Since after the war (2003) in Iraq the government has embarked on several reformed programs to enhance the lives of the citizens. For instance, David Biggs (2010) in one of the documents released of recent noted over the past six years, the Iraqi government has engaged with the international communities and partners for the purpose of reforming the country. Such areas of reforms include Iraqi social, economic, political life and tax system. Quoting from his words, he said "prominent in the Compact is the need to improve governance, including Public Financial



Management (PFM). The latter is particularly important in the context of Iraq given its huge oil reserves and revenues that place a premium on the efficient and effective management of public resources”. With reference to tax system reform, the government aimed at the followings:

1. The need to ensure that appropriate tax provisions governing petroleum operations by private and state owned companies are in place as soon as possible, preferably in a separate petroleum tax law.
2. A review of the legislation on income tax on individuals and companies with a particular focus on the exemptions, with a view to reducing the current wide range.
3. The development of a plan for the design and implementation of the Value Added Tax (VAT).
4. For tax administration, the establishment of a large taxpayer’s office, and the development of a tax administration modernization strategy. Collections, arrears and transfers need urgent attention.

All these efforts are trying to deal with the disadvantages of current tax legislation which (Raem, T.) observed as the following:

1. Complexity.
2. Schedule nature.
3. Unclear Tax Base.
4. Lack of Impartiality.
5. Multiple Legislative Texts.
6. Lack of laws and regulations to ensure strict implementation.
7. Lack of logical organizational structure.

Furthermore, it has been noted that the revenue generation in Iraq are mostly generated from government oil exports while revenue from taxation provides relatively little public finance about 5% in 2007 which is expected to rise in the subsequent years. In view of the government effort in reforming the economy, David Biggs (2010) as reported that the government has recorded some tremendous improvement most especially in the area of tax administration. In terms of transparency of taxpayer obligations and liabilities, Iraq’s taxation system allows a relatively informed taxpayer to understand his level of tax liability, with some confidence that a fair system is in place. Controls in taxpayer registration exist and the system of penalties for noncompliance sufficient.

It has also been observed that the serious problem facing the Iraq government is that of tax audit and fraud investigation arrangements. These problems have proven very serious and seem to defy solutions. Even though, collection of tax arrears does not seem to create urgent and immediate problem, still a better tax and tax audit systems are indispensable for future preparation of a stronger taxation system.



Secondly, David Biggs (2010) reported that although there seem to be in place enough provisions for the adequate collected tax revenue transfer from the authorities to the government, yet tax reconciliation systems that would assist the government and tax authorities to verify tax returns and assessment are still missing. In the light of this, Shafaq, a member of the Board of Directors of Baghdad Chamber of Commerce stressed that the chamber has faulted the current tax system. For example, he said “We are against the tax system, and we believe it is better to stop work in pursuance of it at present, until establishing of security and completing the different aspects of services in the country, so that the state can exercise its right to impose taxes on citizens, but now the citizen pays without an income”.

In the overall, there is seems to be no proper and specific tax system in Iraq. For instance, experts have called for a specific tax policies, together with macroeconomic stability would also provide incentives for individuals to move from informal into more formal activities. This is because, in Iraq, it is observed that more of the Iraqi people engaged in informal business activities, thereby making it more difficult for tax to be collected from them. For instance, about 80% of the labor force in Iraq engaged in informal activities while many could be said to be unemployed. Therefore, David Biggs (2010) noted that in this kind of situation, one should expect a very extremely low tax structure as it is in the present. He argued that about 30% in Hilla and 32% in Irbil that government are able to collect tax from.

2.1 Relevant Issues

The economic reform has been the top agenda of many Arab countries in the recent past years. For instance, Chemingui and Lofgren (2004) have noted that economic reform which also consists of tax reforms have been in the top agenda of the Gulf Corporation Council (GCC) countries including Iraq in the greater part of 1980s and early 1990s. This was attributed to the unimaginable rise in the global price of crude oil. However, the essence of these reforms is to actually find a better economic system that would assist them to a better economic growth and development.

Furthermore, it is crystal clear that in many Arab economies like Iraq there are highly depend on oil. This therefore means that the only source of government revenue is that of sales and taxes from crude oil. Thus, there were no alternative sources of financing avenues with regard to government projects. However, the situation became worse during the Asian financial crisis and sharp decrease in oil price, the government was left with no option than to find a better way of solving these problems.



Within this context, two major issues arose. First, is the need to find an alternative revenue generation and financing avenues or opportunities by introducing a domestic tax system (Chemingui et al., 2004). The government aimed at dealing the fluctuating nature of government revenues, expenditures and deficits.

The second issue here is for a better public resource management such as a better tax audit procedures that help government to ascertain the actual amount being collected as a tax and for a proper accountability and utilization of these taxes being collected.

These therefore create the need for this study to take off. Bridging this gap becomes very imperative for this study. Thus, proposing a more rigorous tax procedure in Iraq is timely at this crucial period in order to achieve a full and meaningful economic reform. But don't forget that In general, most taxpayers prefer to have an honest tax practitioner to help them to comply with the income tax laws. In fact, most of the taxpayers rated the honesty of the tax practitioner as the most important attribute. Therefore, honesty of the tax practitioner is the priority, followed by minimizing with conflict avoidance and creative accounting and aggressive tax planning (Choong and al. 2008).

3.0 Scope and objective of Audit

For an effective and proper tax audit, two major factors must be considered. First, is the scope of the tax audit. This means that there is a need to specify the boundary and limit of the tax audit in order to assist the auditors to know where the auditing activities are limited to. According to the Institute of Chartered Accountants of India, "the scope of audit refers to the identification or delineation of audit related aspects with regard to the objective of audit, procedures, areas to be covered etc. thus; it equally refers to the auditor's interest concern in the basic accounting records and source documents.

However, the scope of audit could be governed by the following:

1. The engagement terms.
2. Relevant statutory provisions.
3. Relevant Institute pronouncement.

Second, is the objective of the tax audit. What the tax audit is aiming to achieve should also be stated and make clear. For instance, the Institute of Chartered Accountants of India noted that the main objective of an audit is to express an opinion about the truth and equity of the financial statements. The expression emanates after performance of audit procedures i.e., to give the opinion about the financial statements, the auditor examines the financial statements to satisfy himself about the



truth and equity of the financial position and operating results of the enterprise. Other objectives include:

1. Detecting and preventing of errors.
2. Detecting and preventing of cheats.

3.1 Audit Time Frame

Because of the nature of tax audit process, it has become very imperative to set up a time frame to be able to save time and avoid delay in resolving tax audit problems. In dealing with audit time frame, two major issues are very essential. First, the actual time needed to complete an on-site examination of records. In this case, Inland Revenue Board Malaysia (2013) has asserted that the reasonable time frame required for tax audit could be between two to three days. Although, they argued that despite this, it is possible that audit time frame could be altered, based on the required extension. However, this would depend on some necessary factors such as the followings:

1. The size of the business and the complexity of business transactions.
2. The form in which records are kept.
3. The extent of co-operation from the taxpayer.

The second case to note is that of the applicability of the audit time frame. This is very crucial because audit time frame may only be applicable to field audits. Therefore, other types of audits such as correspondence and desk or office tax audits are not included in this case. This means that audit time frame can only be apply to field type of tax audit procedure.

3.2 Types of Audits

Once the tax audit agency discovered or ascertained that there is a discrepancy between the actual amount a taxpayer supposed to pay and the amount he/she paid or on the other hand, the amount he/she paid is higher than what he/she supposed to paid, the agency would first communicate to the taxpayer by writing informing him/her that return has been selected for an audit. The three different common types of tax audits used by IRS are indicated and briefly explained below.

3.2.1 Correspondence Audit

As the custom suggests, it is kind of tax audit conduct through the mail. It seems to be the most famous and common kind of audit. The taxpayer is expected to come with any documents required by the IRS. The essence of these documents is to support and prove to the IRS about his/her tax return paid.



3.2.2 Desk Audit

This type of tax audit is conducted mainly at the internal revenue branch office. It is called also office audit. Where the IRS determines both the time and the kinds of documents the taxpayer should come with. It usually handles direct and straightforward tax matters or tax adjustments that could be easily settled through correspondence. For instance, where a taxpayer is invited to an interview at IRB's office in order to obtain additional information when it is necessary. In this case, all necessary information concerning or relating to income and expenditure including different kinds of claims argued by the taxpayer with regard to his/her income tax return. Accordingly, certain desk audit matters maybe refer to the field audit action if deemed necessary. Therefore, in such case condition, the taxpayer has the right to be inform via a letter of field audit notification, this formed part of the usual procedure before field audit could be properly take off.

3.2.3 Field Audit

This kind of tax audit seems to be exact opposite of desk audit. However, in field audit, it actually takes place within the taxpayers' environment, which could be his/her house or premises. The taxpayer would give a prior notice before the tax audit is being carried out. Within this context, all business records of the taxpayer are being investigated in detail. However, whether the taxpayer is a sole proprietor or partnership form of business and his/her business record seem to be incomplete, then other documents such as non-business records or documents maybe looked into. Non-Business records like his/her personal bank statement of account is critical where this condition mentioned above exist. In some countries, this kind of audit is common most especially when the business income is above \$100,000.00 U.S.A dollars.

4.0 Current Practice

However, first, it would be imperative for us to briefly recap and re-examined the meaning of tax and different types of tax system. Tax could be defined as any compulsory levied imposed by the government on individuals and companies for the purpose of development (Sujjapongse, 2005). Simply, there are forms of revenue generated by the government by taxing various individuals and companies residing in that country.

Basically, there are two major types of taxes which are:

1. Direct tax.
2. Indirect tax.

The direct tax is taxes which are deducted from the sources. They include the following; personal income tax, corporate income tax etc. for



example, personal income tax deals with deductions from individual personal income irrespective of whether the individual is local or foreigner, as long as the individual is residing in that country and engage in one form of business activities or the other, While the corporate income tax is tax deducted from the income of corporate which doing business in the country. For instance, Sujjapongse (2005) noted that the corporate income tax is no doubt a form of a direct tax which the government levied on the net profit of any legitimate whether juristic company or partnership venture at the end of every of their transaction period.

The indirect tax is tax which is indirectly deducted from the taxpayer without him/her knowing. This type of tax includes; excise duties, custom duties etc. for example, excise duties tax. Sujjapongse (2005) argued that excise tax is those taxes imposed on selected goods which are deemed prohibited or being restricted. The main objective of this type of tax is to actually control and restrict the consumption of some goods that maybe considered dangerous to human health. This equally according to Sujjapongse (2005) tends to “promote social and economic equity, encourage saving, and to reflect energy conservation and environmental issues”. Here, it is important to note that all goods which are subject to excise tax equally remain subject Value Added tax while Customs duties are also indirect taxes imposed on imported goods from other countries. Any goods which deemed to unfit to be imported are therefore considered prohibited.

Furthermore, having highlighted the background of this study, it is important to look at the current practice of tax audit procedures most especially within the Arab countries context.

5.0 Suggestions

Based on the various review on tax audit procedures and bearing in mind the current tax audit practice in Arab countries, we suggest the following rigorous tax audit procedures for Iraq.

1. Audit Type/Venue Selection: first, the tax authority has to decide where to hold the tax audit and this could either be any of the followings;
 - a) Correspondence Audit.
 - b) Desk Audit.
 - c) Field Audit.
2. Audit Commencement: this is concern with the notification of the taxpayer who tax return has been selected for audit through the use of computer as earlier indicated in the previous section above. Both letter and telephone call correspondence are usually adopted in this case for



effective and proper notification. Here both the audit period and time frame of the audit visit and notification period are so indicated.

3. Auditor's Visitation: visitation of the tax authority to the taxpayer is also very necessary in this regard. However, we should bear in mind that audit visitation is only applicable to field audit. The actual aim of this visit is to get the needed and required information of the taxpayer's business activity as well as discuss the coming audit. At this stage, the tax auditor also interviews both the taxpayer and the person in charge of the taxpayer business records about their business process and activities.

4. Records Examination: the audit officer examines the business records presented by the taxpayer and goes further to inspect or investigate the available stock and equipment in order to verify his claims with regard to tax returns. All books and electronic copies that is necessary for the audit which the audit officer wants to take back to office for proper investigation must be given or surrender to him. Others personal books or records might also be examined where necessary most especially in this case of sole proprietor.

5. Audit Time Frame: for effective and proper tax audit a time limit is deemed very necessary, and this time frame should be within two to three days interval. However, this is also only applicable to field tax audit. Additionally, in setting a time frame for tax audit, the following conditions are very imperative:

- a) The size of the business and the complexity of business transactions.
- b) The form in which records are kept.
- c) The extent of co-operation from the taxpayer.

6. Audit Settlement: this takes place immediately after the tax audit is being completed. The tax auditor will prepare a report of the outcome of the audit findings for audit manager's approval. It is very important that the tax auditor will inform the taxpayer the outcome of the tax findings being carried out. Some information to be included in this case may include the followings:

- a) Audit issues that raised.
- b) Why and rationale such audit issues, and finally,
- c) The amount of proposed tax adjustments (if any) and the years of assessment involved.

6.0 Operational and Design of the Study

6.1 Study Design:

This study would adopt cross-sectional method in achieving its objectives. The cross-sectional design which also is referred to as social design probably it is more often used by the social scientists or social science field in carrying their research work. It mainly concentrates on collecting data on a single point not only that but also in a particular time



unlike the longitudinal design which has to collect data in various period of time and in different point (Zikmund, 2003). The data collected during three work days, in the Offices of the Tax Authority (from individuals taxpayers) and (IRS staff), in companies from Accounts staff and from Private tax accounting offices (tax experts).

6.2 Unit of Analysis:

This will actually focus on the various individuals and companies who are taxpayers. This means that all the people who are paying their taxes accordingly would be utilized in this study. This would also include all those have had encounter with tax agency and authority with respect to tax audit. Like the Private tax accounting offices beside the IRS staff for internal point of view.

6.3 Sampling Method:

Several sampling techniques exist when one talk about sampling in a research. However, a sample random sampling technique will be adopted within the context of this study. Neils (2008) asserted that sample random sampling method is probably the better sampling technique as it is very easy and equally gives all elements an equal opportunity to be selected or chosen to participate in the study. In this case, the propose study tends to ensure that every element is given equal chance of be selected in this study. The following is the sample distribution on the study units.

Table (1) sample distribution

Units	Individuals	Companies	Tax experts	IRS staff
Sample	200	40	20	20

6.4 Variables of the Study

The following three variables will be examined and measured according to the rigorous tax audit procedure diagram (Appendix-1):

1. Accuracy of the Tax audit. (Audit Settlement)

This element is determined in view of the following:

- The amount that paid as taxes is fair.
 - Tax audit for one case finish from the first time.
 - The amount of Tax that paid is correct.
- ### 2. Quick completion of the tax audit. (Audit Time Frame)

This element is determined in view of the following:

- The tax audit takes less than 3 work days.
- The necessary papers to finish the tax audit take no time to accomplish.
- Responses for enquires is quick.



3. Flexibility of the tax audit. (Audit Type/Venue Selection)

This element is determined in view of the following:

- a. The tax audit could be finished via correspondence only.
- b. Ability of choose between office and field audit.

6.5. Measurement of Variables

The study theorized tax audit procedure as any process or procedure that are employ in the investigation of tax returns as paid by the taxpayers. A questionnaire (Appendix 2) is directed to the respondents to assess the effectiveness of tax audit procedure and a five-point likert-scale of 1-strongly disagree to 5-strongly agree will be applicable in this respect for all eight elements that are discussed above.

6.6. Results of the study

To check the stability of the questionnaire we calculate Chronbach's Alpha factor and find it equal (0.74) which means that the questionnaire is stable and applicable.

Using SPSS to analyse the responses of the questionnaire by calculating the arithmetic mean and standard deviation for the elements with the following measure guide (Table 2)

Table (2) arithmetic mean guide for responses

Response	arithmetic mean
Strongly disagree	0 – 0.99
Disagree	1 – 2.33
Agree	2.34 – 3.67
Strongly agree	3.68 - 5

We find the following results (Table 3)

Table (3) results of analyzing the questionnaire responses

Unit of Analysis	Accuracy		Quick completion		Flexibility	
	arithmetic mean	standard deviation	arithmetic mean	standard deviation	arithmetic mean	standard deviation
Individuals	1.23	0.34	1.66	0.25	1.66	0.36
Companies	1.12	0.33	1.28	0.36	1.54	0.28
Tax experts	2.20	0.21	2.45	0.18	2.66	0.19
IRS staff	3.50	0.18	3.66	0.22	3.91	0.20

From the above table we can establish the following results:

1. From the Individuals and Companies' point of view the audit tax Procedure in Iraq lack the Accuracy and Flexibility and take long time to be accomplish. The results are slightly worse from Companies' point of view comparison to Individuals' point of view.



2. From the Tax experts' point of view the audit tax Procedure in Iraq lack the Accuracy but it's slightly quick and Flexible.
3. As expected, from the IRS staff's point of view the audit tax Procedure in Iraq is accurate, quick and flexible which indicate a big problem because of the gap between the IRS staff and clients' point of views.

7.0 Conclusion

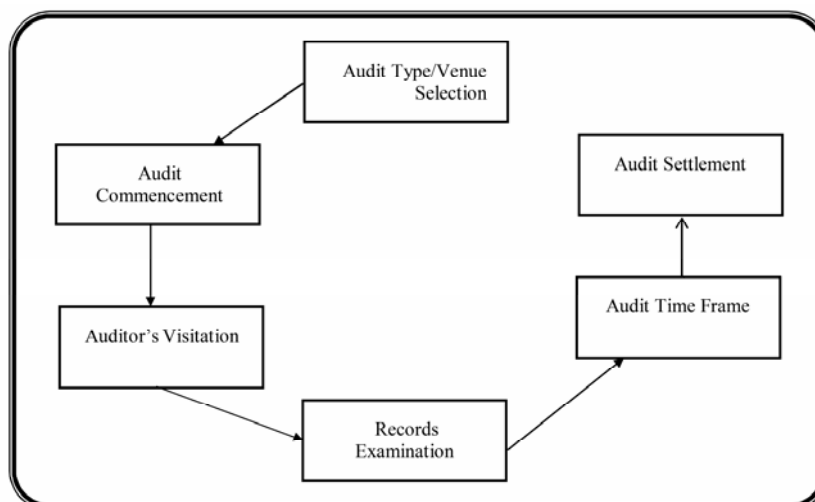
Based on the available evidences demonstrated above, we concluded that there is need for urgent rescue of the tax audit procedures system in Iraq. It would assist the government in making accurate decisions and policies which have to deal with taxpayer's money such as the national budget. Accordingly, it would also strengthen the tax administrative system in Iraq, assist audit officers to carry out their tasks efficiently and effectively, and assist taxpayers in fulfilling their obligations. The Rigorous tax audit Procedures must be more Accurate, fast and flexible.

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Appendix 1: A rigorous tax audit procedure diagram



Appendix 2: The Questionnaire (Translated From Arabic)

You are one of the respondents, being selected randomly to give your opinion on this issue. The questionnaire will only take you a couple of minutes. We are looking forward to your full cooperation in assisting us to complete this research.

We appreciate your willingness to participate in this survey. You can be assured that all the information furnished by you will be kept strictly private and confidential.

Part 1: DEMOGRAPHIC DATA:

Tick ✓ where is applicable

Name (optional) :

1. You can describe yourself as:

- Individual taxpayer.
- Accountant.
- Tax expert.
- IRS staff.

If you are an Individual taxpayer or a company representative answer the following:

2. The average amount of taxes you pay every year is:

- 0 – 1.000.000 IQD.
- 1.000.000 – 10.000.000 IQD.
- 10.000.000 – 100.000.000 IQD.
- More than 100.000.000 IQD.

3. How many times your taxes did have Audit?

- Never.
- Once a year.
- Twice a year.
- More than three times a year.

4. Do you consulted any tax expert about your tax audit:

- Yes.
- No.

5. Did you pay any fines related to your tax audit before:

- Yes.
- No.



Part 2: According to your experience dealing with Tax Audit Procedures in Iraq, please complete the following table describing your opinion (Tick \checkmark where is applicable).

Section A: These statements relate to Accuracy of the Tax audit.

Elements	Strongly disagree	disagree	Not sure	agree	Strongly agree
The amount that paid as taxes is fair					
Tax audit for one case finish from the first time					
The amount of Tax that paid is correct					

Section B: These statements relate to the Quick completion of the tax audit.

Elements	Strongly disagree	disagree	Not sure	agree	Strongly agree
The tax audit takes less than three work days					
The necessary papers to finish the tax audit take no time to accomplish					
Responses for enquires is quick					

Section C: These statements relate to the Flexibility of the tax audit.

Elements	Strongly disagree	disagree	Not sure	agree	Strongly agree
The tax audit could be finished vie correspondence only					
Ability to choose between office and field audit					





***The Role of Risk Management in Reducing
Organizational Collapse
Analytical study at Iraqi Southern Cement Company***

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Abstract

The purpose of this paper is to measure the effectiveness of risk management in reducing organizational collapse, was based The current research was based on two variables interacting with each other to form the theoretical and applied framework under a laboratory hypothesis model (risk management and organizational collapse), the study has started from a problem that has been expressed with a number of questions aimed at answering them to clarify the theoretical subject and the practical goals the fact that these variables are topics of a factual nature of the phenomenon in the industrial environment of the country, hence the diagnosis of causation, the sample was made up of officials of the southern Iraqi Cement Company to diagnose the extent to which it relied on risk management and had identified That sample of (45) individual of those who are at various administrative levels.

The paper used various statistical tools to analyze and manipulate data and information by adopting software-ready statistical software such as (SPSS. V.21), The fact that research is an approach to scientific research based on cognitive analysis is an analytical diagnostic research and its importance is that it will produce results and recommendations based on the reality of the application of risk management and organizational collapse and the extent to which a company is able to cope with the critical positions it is facing.

The paper found that hypotheses indicate the existence of correlation and influence between their variables were validated and the research concluded that the company's interest with the reality of risk management, which gives it an ability to cope with the organizational collapse, in turn, recommendations have been made in line with the realities of the conclusions.

Key words : Risk Management ,Organization Collapse.



2Introduction

Industrial organizations face serious threats from competitive and technological issues and rapidly accelerating shifts towards globalization and global markets, as well as the openness of organizations to the industry environment of global products and services, as well as scarcity of tangible resources and increased cost, especially in the competition for cost advantages, the risk has received many studies and researches.

Today, it has become an essential part of the work, because organizations cannot operate without risk, usually linked to the risk of not make sure, as the risk may occur or do not occur, the risk involves uncertainties or threats (Fadun, 2013:225) The risk is inevitable and is present in human life, in our daily lives and public and private sector organizations (Berg, 2010:79), the industrial sector has recently been severely affected by the recent rapid events of health crisis, and natural disasters. These events I had a big impact on the economy. For example, Ericsson (400) million euros were lost due to fire in the semiconductor factory in General (2000), Apple lost the system of (DRAM) in Taiwan in the Year (1999) after an earthquake, as well as the loss of oil British more than 1.5 billion US dollars after the Texas City refinery exploded in 2005, which was considered the worst industrial disaster in the history recent United States, the impact of the Japanese earthquake and the Tsunami (2011) on industrial production is estimated at (-17%) Between the forecasts of the Japanese Ministry of Economy, Trade, industry and achievement (Wissem, 2013:288). Risk management is a process of measuring and assessing the risks to the organizations, and therefore it is imperative for these organizations to develop strategies and methods for managing and reduce their occurrence, by transferring risks to another, avoiding them and minimizing their negative effects of the organizational collapse .

Based on the previous, studies has begun on framing conceptual aspects of applied theory through cognitive review in the field of risk management and its positive developments in improving the organization's ability to protect itself, reduce risk levels and reduce the chances of an organizational collapse.

The State Company for southern Iraq Cement, under the Ministry of Industry and Minerals, was selected as a paper field to test the search hypotheses to confirm it is true and explains the relationships between the current paper variables and the paper goals have come to move risk management from public understanding and document on theories and theoretical underpinnings to their understanding, which is based on a practical organizational perspective, and on the analysis of those estimates benefiting from the coup d'état in its conception of being resources and the ability to be an effective organizational force based on knowledge and sensitivity to risk through indicators Process, and to the relationship and influence between the search variables. In the area of identification of importance, many points were discussed, most notably the establishment of conceptual frameworks and platforms for risk management based on a strategic understanding of their role



in a capacity-building process that assists the Organization in coping with the organizational collapse .

Our current paper included three detectives handling the first paper methodology and devoted the second to presenting and discussing theoretical frameworks relevant to the research topics of B (Risk management and organizational collapse), the third addressed the presentation of the results of the hypothesis test and the research template and concluded the research with conclusions and recommendations.

Section One: Methodology for paper

1.1: The problem of research:

The problem of paper is crystallizing into the process of instability and increasing uncertainties, as the Iraqi environment is characterized by a dynamic and unstable environment, due to economic developments and political, our Iraqi organizations suffer from varying degrees of growth and the same trend towards global industrial organizations and, in addition to not having an early system of signals of danger to the organization of a collapse of its rules of procedure, risk management helping business organizations to overcome the failures and proactively, they do not prevent losses but provide a strong foundation for organizations to manage better Their risks and how to prevent these risks, they are an integral part of the decision-making process (Fadun, 2013:234) In addition to being one of the techniques used to understand the business environment this understanding is a critical success factor, requiring the attention of the directors of the organizations in this department (Junior & carvalho, 2013: 64), and that's confirmed (Vaziri et al., 2012:120) organizations should review risk management strategies and their compatibility with market changes and requirements.

Based on the discustion, the present research seeks to illustrate the relationship of risk management to organizational collapse, where the problem of research can be more clearly demonstrated by raising the following questions:

- √ Does the company that is being addressed recognize the reality of the application of risk management and its contribution to the regulatory collapse ?
- √ What is the role of risk management and how does it contribute to the organizational collapse ?
- √ What is the company's perception of the reality and indicators of organizational Collapse ?



1.2 The importance of research:

- (1) The lack of studies and paper centered on the nature of the relationship between risk management and organizational collapse , so the current research seeks to identify the nature of the relationship between these variables.
- (2) Some Iraqi companies lack the requirements to build and develop risk management that qualifies them for rapid, effective and flexible response to organizational collapse.
- (3) Provide a theoretical framework for current research variables of risk management and organizational collapse by reviewing the most important new ideas for writers and researchers in this field, thereby promoting the opening up of the field to researchers to delve into such realistic topics.
- (4) The current research attempt to test metrics used in multiple global environments to measure and assess risks and how to prevent them in the Iraqi business climate.
- (5) The possibility of benefiting from the results of the current research in carrying out future studies in the Iraqi industrial sector in general.

1.3 : Objectives of the research:

This research is designed to test the relationship between risk management and regulatory collapse in Iraq's state industrial sector, the company general of southern Iraqi Cement, in particular, this research is geared towards achieving the following research objectives:

- (1) The main objective pursued by the research is to highlight the real reality of productive activities in the Iraqi industrial sector, to reach a scientific conclusion on the dialogue between researchers on the applicability of risk management in Iraqi industrial companies.
- (2) To recognize the correlation and impact between risk management and regulatory collapse in the field of research.
- (3) To stablation the reality of risk management in the company in question and the procedures and activities of this department and the degree of interest in it.
- (4) To stablation the company's views on the extent to which they are used to manage and employ risk in the face of emergency situations and ongoing environmental changes and how to deal with them.
- (5) Identification of the limitations and determinants of risk management as the prevention hub for the company.



1.4: The research paradigm:

The hypothesis diagram of the search reflects relationships (correlation and effect) between the current research dimensions of risk management as an independent variable and a changing organizational collapse continued), and those relationships will be adopted in the formulation of research hypotheses, as researchers will adopt the analytical descriptive approach in research by employing the contents of the analysis the deductive statistic, in the theoretical aspects and practical tests of the model and the research hypotheses, and the research will also depend on the research methodology in the procedural measurement of its variables, through the development of the resolution tool on the five-gauge (Lickert) scale according to standard tests employed in certified global studies, after If adapted for current research purposes, its reasonableness and consistency will be tested by way of statistical analysis and figure (1) shows the proposed research model.

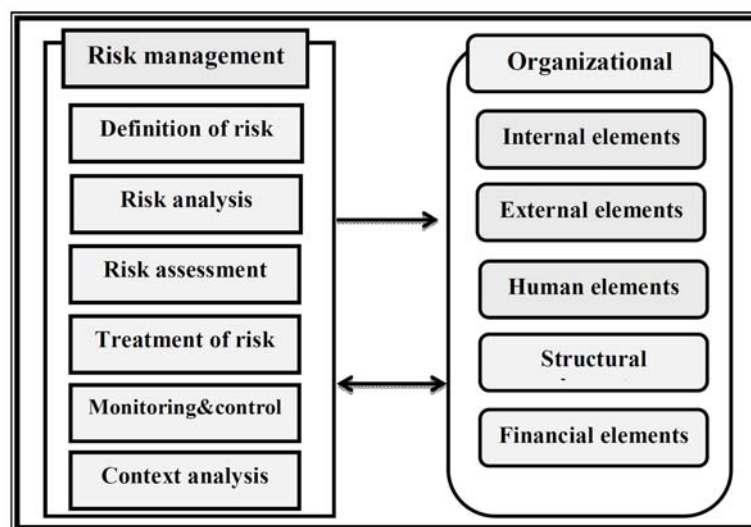


Figure (1) Research model

1.5 : research hypotheses:

Research hypotheses have been formulated in accordance with the research problem, objectives and model, and the hypotheses attempt to answer the questions posed to the current research problem, as consistent with what has been put forward on the side theoretical, by relying on evidentiary hypotheses on the basis that the subsequent testing of these hypotheses will determine the level of correlation and effect between the search variables, and the current research hypotheses are as follows:

(1) Initial correlation hypothesis (H_1):

There is an association statistic connotation between risk management and organizational collapse at the macro level.



(2) Second effect hypothesis (H_2):

There is a statistically significant effect of risk management that is symbolized by the symbol (X) in the organizational meltdown, which is expressed by the (Y) symbol in the company under consideration.

- (H_{21}) There is a statistically significant impact relationship between the definition of risk and organizational collapse at the macro level.
- (H_{22}) There is a statistically significant effect relationship between risk analysis and organizational collapse at the macro level.
- (H_{23}) There is a statistically significant impact relationship between risk assessment and organizational analysis at the macro level.
- (H_{24}) There is a statistically significant effect relationship between the treatment of risk and organizational collapse at the macro level.
- (H_{25}) There is an inverse statistical effect relationship between control, control and organizational collapse at the macro level.
- (H_{26}) There is a statistically significant impact relationship between context analysis and organizational collapse at the macro level.

1.6: Field of research and measuring tool:

The researchers selected one of the industrial sector companies operating within the government sector as a field to test the current research model and hypotheses as industrial enterprises vital in supporting the country's economy, these institutions have seen a marked decline in the levels of growth and weak infrastructure of these institutions, which will have negative repercussions on its competitiveness in the strategic perspective, the researchers elected the southern Iraqi Cement company to be a community to test hypothetical scheme and hypotheses, combining the research sample of decision-making positions within the senior and middle management levels of the company in question and their number (45) respondents, indicators related to research variables were measured in terms of a resolution tool designed and adapted to the trends, model and approved variables.

1.7 : Methods of data collection and analysis

1.7.1: Methods of data collection:

Researchers have adopted several methods of collecting research data from them:

- (1) Review of scientific books, journals and foreign issues concerning the subject of risk management and the subject of organizational collapse .



(2) Review of what is posted over the Internet on the subject of risk management and organizational collapse .

(3) Questionnaire form.

(4) Unstructured interviews with some comparing between and the relationship

owners.

1.7.2: Methods of data analysis:

(1) Multiple regression equations.

(2) Variance analysis (ANOVA).

(3) Natural distribution using statistical methods by means of the program (SPSS.V21).

(4) Descriptive statistics using (arithmetic mean, standard deviation, relative importance).

1.8: Search Limits:

The search was framed within the theoretical, spatial and temporal boundaries as follows:

(1) **Theoretical boundaries:** Searches are defined within the search variables that are included in the hypothesis search schema, and are dealt with in the search model and hypotheses as follows:

√ Risk management is an independent variable (**x**).

√ Organizational collapse a dependent variable (**Y**).

(2) **Time limits:** Research included for the period (2016-2017).

Section Tow: Risk management

2.1: The concept of risk management:

Specialized studies on the concept of risk management were launched after the Second World War, and the department has long been associated with the use of market insurance to protect individuals and organizations from various accident losses, and market insurance was seen as too expensive to protect against the inevitable risks to the organizations, so that multiple forms of risk management had emerged as alternatives to insurance on markets during the Fifties when the use of derivatives as tools for this department grew during the seventies and was expanded during the eighties , Organizations have intensified their management of financial risks, and the organization of cosmic hazards was introduced in the eighties , with financial institutions developing internal models to govern the work of the Department and formulate capital accounts to



hedge against unforeseen risks, at the same time risk management became integrated management, and key functions of risk managers were created in the organizations (Dionne, 2013: The risk management is not the new tool, but there are many standards and guidance documents available, such as Act 2004. , AZ/S 2004, 2004, Dgq 2007, FAA 2007, HB 2004, IEC 2008, on 2008, Rio Tinto 2007, (Treasury Board of Canada 2001 which emphasized that risk management is an integral part of good governance, especially in decision-making and at all levels of the organization, so that all sections of the organization manage risks and are continually aware of whether or not they perceive it (Berg , 2010:80, some see from a risk point of view is a double feature from a negative perspective that is (as a threat) to the organization, but also from another positive view is the risk (as an opportunity), and is seen (Hillson, 2001, Ward and Chapman, 2003). The risk of them is related to uncertainty of events that can adversely affect the Organization's objectives or positively, so for each perspective a different point of view (Junior & Carvalho, 2013:65), according to (Kerzner) risk management is a procedure or practice to deal with risks, and project risk management includes several related actions, such as risk planning, identification and analysis of risk events and development of coping strategies with them and their monitoring, all geared towards the ways of the Organization's success, risk control and management of strategic investment projects can lead to the implementation of projects and effectively in business organizations (Jovanović et al,2016:222).

(Massingham,2010:465). Risk is an undesirable event with the resulting negative consequences. Management researchers tend to take the critical position of risk, this view suggests that even if the risks are not eliminated, these risks can be expected to occur, and thus the methods that might limit their impact may be identified, so (William 2007:793) as the department that is concerned with potential risks, analysis, assessment, minimization of potential risks and establishment of contingency plans (reserve funds) to deal with any other type. Risk management is defined by researchers (the process of measuring and assessing risks and developing strategies to address them through risk identification, analysis and evaluation, and by identifying all ways and means to avoid them through transfer to another).

2.2: Steps and tools of risk management:

The risk management has several steps such as the following:

- (1) Setting objectives and context (i.e. the risk environment).
- (2) Risk identification.



- (3) Risk analysis identified.
- (4) Risk assessment.
- (5) Treatment or risk management.
- (6) Regularly monitor and review risks and risk environment.
- (7) Continuous communication and consultation with stakeholders and reporting (Berg, 2010:82).

2.3: Phases of risk management:

Risk management processes are in several stages and for each phase of particular relevance, the first phase, which includes the identification context in management and administration and in the formulation and implementation of the Organization's strategy and in risk assessment procedures, the second phase of the management risk it involves identifying the risk and the most important steps at this stage are the identification, definition, and consequences of risks, in this phase cannot develop plans if these risk situations do not belong to the risk context content, where risk identification begins after the identification comes. The problem is when the basic organizational objectives are examined, and similar risk scenarios are developed, and in the light of the results obtained where the formulation hazard map, here the most important risks facing the Organization are identified, such as a lack of understanding of the organizational structure and the misuse of modern technology and lack of optimal use of human resources and conflict for access to resources and other risks, while the third phase is the analysis risk of qualitative and quantitative analysis, creation of opportunities for control of control measures and their impact on consequences and risk assessment, while the phase Risk assessment where the severity of the risk is assessed under summary evaluation criteria and be highly efficient, with consideration being given to all aspects of the activity, and in relation to the last phase of phases of risk management are the treatment of risk and the treatment of risk consists of identifying the necessary measures to be taken in case of risk for the purpose of responding to threats facing the Organization (Jacob,2014:63).

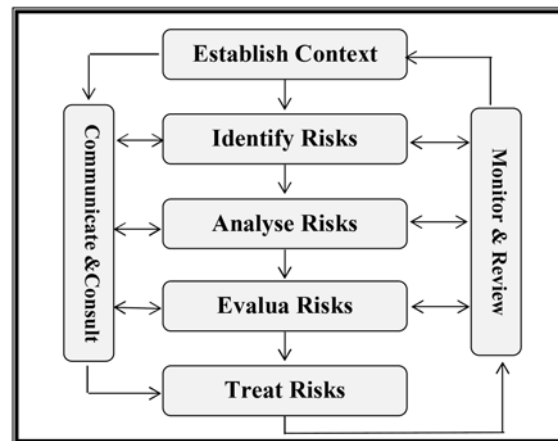


Figure (2) stages of risk management

Suorces: Iacob, Vlăduț-Severian,(2014) "Risk Management And Evaluation And Qualitative Method Within The Projects",Stefan Cel Mare University Of Suceava, Ecoforum [Volume 3, Issue 1 (4).

Section Three: Organizational collapse

3.1: The concept of organizational collapse:

In the light of the rapid and accelerated transformations, business organizations are facing a nightmare of danger, which is now being challenged by most organizations, especially in the current era, which has experienced several setbacks, financial and other crises.

Organizations are different resolutions, and there are decisions taken by these organizations that are ongoing and on a daily basis, these decisions either move the organization towards moving forward for its own interests, or the organization is in a neutral position towards their interests and, as a result, any decision that might be an improper decision that did not serve the interests of the Organization was an irrational decision, and following these decisions may lead organizations to collapse, where one of the reasons for the collapse of these organizations is a moral collapse that has resulted in Irrational decisions, and all rational decisions are influenced by internal and external influences, the decision may not be made with high admission criteria at the moment of its adoption and thus result in the collapse of the Pearce, 2015:1)), there is a need to consider some of the collapses of large organizations around the world with the notion of similarity with regard to the lack trust, social values, deception, dishonesty, integrity and failed value framework within the organization (Junaid, 2013:2929). The collapse may be associated with regulatory failures, bankruptcy, liquidation, insolvency, crisis, performance and decision-making (Pretorius, 2008:410), Ali, 2012:74) **In his study "leadership and his influence in organizations-a review of intellections"** and to the fact that the collapse of organizations



is believed to be a collapse understanding of the contexts of growth and a true understanding of the learning environment. Incidents and disasters occurring in organizations are the results of societal events, when individuals feel that the existing system is irrational and (Catino, 2008:53), a sufficient economic understanding of the potential collapse of companies may be more important than the belief of the business (Oser &volery, 2012:41). So , you need information to avoid collapse information is the blood of the life of contemporary Organizations (Opara, 2003), which without this information will face the organizations collapse (Oyadonghan , 2010:1), and based on the foregoing, researchers believe that the organizational collapse is the case of the loss of control by the organization of its internal and external system and its inability to continue because of their exposure to a situation or crisis leading to the collapse of their financial and administrative systems and thus to the State of cessation.

3.2: The reasons for the collapse of the organizations:

The reasons for the emergence of high waves of crisis, disaster, and collapse currently facing organizations may be attributed to them for political, economic, social, technological and legal reasons. One of the main reasons for the collapse of the organizations is the existence of the gap between the senior management levels, namely, senior managers, and those working at the level of the lower executive could lead to the collapse of the entire organization, the fact that these levels operate in contradictory acts as two different parties sailing in one boat (Junaid, 2013:2929), the organizational collapse may occur because of the intersections that occur in the activities of the organizations (Bueno, 2011:3), the regulatory collapse can be exacerbated by decentralization, requiring confidence-building throughout the organization through the interaction of work totals (McCarter &white, 2013:155), in the past years, moral lapses have led to a number of bankruptcies and collapses such as the bankruptcy of the largest energy companies Enron and WorldCom, Arthur explains (Andersen) that unethical behavior may have a prominent role in the collapse of organizations (Brigham &Houston, 2015:20).

Addressed to Raisch, 2005:90) in his article explaining the regulatory collapse that revolved around the question of why thriving organizations are collapsing at the peak of their success? In terms of an in-depth analysis of the largest (100) organizational crisis of the past five years, which is mutual, where the reasoning behind these crises has generally been determined by the problems that lie in four areas (growth, change, leadership and organizational culture), and those who attribute the causes of collapse to internal and external causes may lead to



organizational collapse(Lukason &hoffman, 2015:47), organizations may collapse and be bankrupt and affect stakeholders, including shareholders, suppliers, creditors, customers, employees and the administration itself, especially organizations Large employment that employs a large number of workers and that can significantly affect the economy of the region in which the organization is located (Yap et al. 2015:332), as Gilman, 2003 stressed, that the institutional environment suffers from a non-targeted professional that has helped prepare the way for the collapseof organizations (Akpotu &israel, 2013:14).

3.3: Sources of Organizational Collapse :

Studies and research have been numerous in discussing the concept of organizational Collapse and the confiscation of each study's own viewpoint. The research division has three sources of organizational Collapse :

(1) Organizational stress:

Stress is a fact of life that everyone deals with on a daily basis, understanding the nature of stress is a complex phenomenon, because stress is not seen on the basis of mere anxiety, collapse, or something destructive or bad to be avoided (Akhtar, 2011:1), see (Vasconcelos, 2008:38). Organizations may have a proven stability of work and procedures and are witnessing the stability of internal and external relations tend to lose competitive advantage over the most adventurous organizations that are looking for continuous innovation processes and that have relationships how do you characterize change and stress, stress can happen to organizations At the individual, group, and organization levels plus a level outside the organization (Karim, 2006:287), and select (Lu, 2008:63) (Stress and organizational dimensions of the organizations of the shared role gap, stagnation of role, conflicting role expected, role regression, access role, organizational isolation, personal incompetence, self-rule gap, role ambiguity, lack of resources.

(2) Crises:

Crises are a critical responsibility for all organizations, regardless of the size of these organizations, it is necessary to address three phases general in this regard are pre-crisis planning, management and recovery during crisis, learning and post-crisis adaptation (Huzey et al., 2015:1), and Regester states that the crisis poses a serious threat to the survival of the organization than anything else, it is an opportunity to rebuild a competitive reputation that will enable the Organization to face challenges in the future Carmeli &schaubroeck, 2008:22), and Select Comfort, 2007) (three critical elements of the crisis and its management



are coordination, control and awareness. These elements are the key to effective responses to the crises (Cheung &leung, 2016:52), crisis prevention research is usually derived from an internal perspective from Perrow Studies, 1984) (to highlight the occurrence of crises due to the complexity of contemporary organizational Life Bundy et al., 2016:4), Turney, 2007 in its crisis prevention model through the communication plan in case of crises such as insurance purchases, i.e. once you decide to purchase insurance or to prepare Crisis Communication Plan (Valackiene, 2010:106).

(3) Financial failure:

The nature of financial failure has no economic theory that would explain this nature and that would enable it to discover the independent variables of its president, through which it would explain this failure (González &rodríguez, 2013:155) The phenomenon of failure of organizations (bankruptcy) persists in modern economies, especially large economies and their social implications (Almansour, 2015:150). The factors that lead to failure are different organizations, and many economists attribute this phenomenon to high-interest rates, stagnation, low profits and increased heavy debt burdens (Abu Orabi, 2014:30), in addition to the changes in market, politics, and economics, and the political influence that led to bankruptcy (Vaziri et al. 2012:120), including those who see the causes of the phenomenon of financial failure and on a large scale, the main reason behind it is mismanagement and weak operational efficiency of the Organization's systems (Xu Wang, 2009:366), there are several models for measuring financial failures found in several studies and research, and the z model developed by (Altman, 1968) is the most widely used model to measure the probability of financial failure by researchers, auditors and financial analysts

Gharaibeh et (al., 2013:314).

Section Four: Methodology

This research has been devoted to discussing the practical aspects of research in the scope of, inter alia, the first aspect of the statistical analysis the first descriptive of the search variables is to take up the second side to view and discuss the test of link relationships and the effect between search variables.

4.1: Descriptive statistics:

The first aspect of the statistical analysis includes an indication of the level of awareness and responsiveness of the sampled sample to the resolution paragraphs through descriptive statistics, and assists these methods collect, summarize, display, and analyze a set of data, which



attempts to search through them to obtain results for data on the current target situation, so the purpose of these statistics is to describe and measure what exists and what is understood within the research field of search variables. and describe how interesting or perceptive individuals are about that phenomenon, and one of the most important descriptive measures used in our current research is Arithmetic Center (mean) of the measures of centralization, the standard deviation(std. deviation) of the dispersion measures, and the results of the descriptive statistics for the current research can be presented in table 1:

Table 1. Descriptive statistics (sample size n = 45)

Items	Mean	Std. Deviation	P	Items	Mean	Std. Deviation	P	Items	Mean	Std. Deviation	P
Item1	4.48	0.51	0.90	Item16	4.20	0.72	0.84	Item31	2.88	0.77	0.58
Item2	4.53	0.50	0.90	Item17	4.28	0.66	0.86	Item32	3.04	0.82	0.60
Item3	4.37	0.49	0.86	Item18	4.28	0.66	0.86	Item33	3.37	0.80	0.68
Item4	4.42	0.49	0.88	Item19	4.48	0.58	0.90	Item34	2.88	0.98	0.46
Item5	4.40	0.49	0.88	Item20	4.40	0.53	0.88	Item35	3.37	0.71	0.68
Item6	4.35	0.48	0.86	Item21	4.53	0.50	0.90	Item36	3.40	0.71	0.68
Item7	4.33	0.76	0.86	Item22	4.28	0.72	0.86	Item37	3.37	0.83	0.68
Item8	4.17	0.57	0.83	Item23	4.62	0.53	0.92	Item38	3.02	0.89	0.60
Item9	4.06	0.61	0.80	Item24	4.60	0.49	0.92	Item39	2.91	0.90	0.58
Item10	4.31	0.46	0.86	Item25	2.95	0.95	0.58	Item40	2.64	0.82	0.52
Item11	4.46	0.50	0.88	Item26	3.20	0.94	0.58	Item41	2.91	0.70	0.58
Item12	4.57	0.54	0.92	Item27	3.08	1.01	0.62	Item42	2.82	0.86	0.56
Item13	4.53	0.50	0.90	Item28	2.93	0.83	0.58	Item43	2.75	0.80	0.54
Item14	4.42	0.58	0.88	Item29	3.17	0.91	0.64	Item44	3.04	0.85	0.60
Item15	4.40	0.61	0.88	Item30	3.08	0.82	0.62				

Source: program output (spss.v.21).

The results of the above table show that the descriptive statistics are as follows:

-The independent dimension of risk management:

It is the first indicator of the measurement of current research variables, from the results of the above table, that the descriptive statistics of the independent dimension (risk management) of the company of the respondents the arithmetic circles of the measurement paragraphs ranged from (4.06-4.60) to a moderate to a high level, and that all computational circles for paragraphs this dimension appears higher than the hypothesis of the Measurement tool (3), and a percentage weight ranging between (0.92-0.80) and deviation standard (0.72-0.46), where paragraph Item24 was achieved (4.60), Celsius weight (0.92) and standard deviation (0.49) Included (the company is clarifying the threat, opportunity or attitudes



that give rise to the real risks), while paragraph (ITEM9) is an arithmetic average (4.06) and includes the ability to identify risk, probability and impact output (with low dispersion levels in terms of standard deviation of 0.61) and Celsius weight (0.80), this means that there is a high level of awareness and interest of the target research sample after risk management in terms of the overall indicator rate.

-The second dimension of the dependent variable organizational collapse :

It is the second indicator of the measurement of current search variables from the results of the table above that the paragraphs of this variable have achieved arithmetic circles ranging from 2.64-3.40 (that is, a moderate level, some of which are higher than the hypothesis (3), and a percentage balance between (0.68-0.46) standard deviations ranged from (1.01-0.70), where paragraph item36 (1) was achieved by an arithmetic medium (3.40) and a weight of Celsius (0.68) and standard deviation (0.71), including (weak level of creative ability of company staff to think, analyze and interpret information) while The paragraph (ITEM40) achieved an arithmetic medium (2.64) and included (the directors of the units of the company do not have a degree of authority and control over unit (with low dispersion levels in terms of standard deviation of 0.82) and Celsius weight (0.52), where there is homogeneity in the understanding and importance of these paragraphs in the research sample, this means the search sample agreement on the paragraphs directed to measure the regulatory collapse of the company, this is a result of the perception of the sample search for the points of threats and challenges for the company that is being looked into and that leads to the organizational collapse.

4.2: Test and analyze the correlation relationships between search variables:

This paragraph of the search is devoted to the presentation and discussion of the results of the test correlation relationships between the lookup variables (independent variable risk management and the dependent variable organizational collapse) The researchers relied on a correlation coefficient (Pearson correlation) to test the relationship between the search variables and the first key hypothesis:

-First main link hypothesis (H1):

There is a correlation relationship with a negative statistic connotation between the risk management and the organizational collapseat the macro level, which will be tested by the hypothetical research scheme:



Table 2. Correlation matrix for the relationship between risk management and organizational collapse

The dependent variable Independent variable	Organizational collapse				
	Coefficient of correlation	Degree of freedom	T calculated value	T table value	Moral level
Risk management	-0.57	44	3.518	1.96	0.000
Definition of risk	- 0.15	44	1.842	1.96	0.000
Risk analysis	- 0.37	44	2.759	1.96	0.000
risk assessment	- 0.68	44	4.835	1.96	0.000
Treatment of risk	- 0.46	44	2.972	1.96	0.000
Monitoring & control	- 0.36	44	2.863	1.96	0.000
Context analysis	- 0.20	44	1.941	1.96	0.000

Source: Computer results, program (SPSS, vev.21).

-The first main hypothesis (H1): This hypothesis reported a correlation with a negative statistical connotation between risk management and organizational collapse at the macro level.

Table 2 shows that the correlation between the main variables of research variables (risk management and organizational collapse) has reached (-0.57) and is inversely related. In order to validate the relationship between these two variables, the coefficient of correlation was tested by a measurement (t) and the calculated value of T is greater than its indexed value at a moral level (0.000) with a confidence limit (0.95), this confirms the relationship between the two variables at the research level (independent variable risk management and the organizational collapse variable), and by these results accept the hypothesis of engagement The first major.

4.3: The results of the impact relationships between the search variables:

This section of the research is devoted to the presentation and discussion of the results of the test and analysis of the impact relationships between the search variables and as provided by the main impact assumptions (there is an adverse statistical impact relationship to risk management in the regulatory collapse at the macro level), the overall and subsidiary relationship of Risk Management (in its combined and subsidiary dimensions) has been tested with the organizational collapse (with its combined indices) in terms of the simple regression equation that refers to the following :

$$Y = a + \beta X$$

So y is equal to the organizational collapse .

A = represents a constant amount (constant)



b = simple regression coefficient of y over X .

x = Risk Management

This relationship means that the organizational collapse (y) is a function of the true value of risk management (x), and the estimates and indicators of these values statistical data has been calculated at the level of the two search samples (45), the impact relationships will be analyzed between variables, as follows:

The simple regression equation of the relationship between risk management (x) and organizational collapse (y) was:

$$\text{Organizational Collapse} = 6.339 + - 0.570 (\text{Risk Management})$$

$$y = 6.339 + - 0.570 X$$

Organizational collapse= (6.339) + (-0.570) risk management As part of this formulation, the variance analysis table yielded results that analyzed the discrepancy between these relationships, as shown in Table 3

Table 3. Variance Analysis (ANOVA) of the relationship between risk management and organizational collapse

Model	Sum of Squares	DF	Mean Square	R^2	F	Sig.
Regression	1.808	1	1.808	0.33	15.708	0.000
Residual	4.951	43	0.115			0.000
Total	5.549	44				0.000

Source: Computer results, program (SPSS, vev.21).

The table of transactions referred to the values shown and as follows:

Table 4. Results of the risk management impact test relationship with organizational collapse

Model	Unstandardized Coefficients		Standardized Coefficients	Tx	Sig.
	B	Std. Error	Beta		
Constant	6.339	1.445	- 0.570	4.386	0.000
Risk Management	- 0.749	0.328		- 2.280	0.000

Source: Computer results, program (SPSS, vev.21).

Table (4) shows the variance analysis and transaction table for the relationship between risk management (x) organizational collapse (Y) and at the level of an adult search sample (45) respondents, the value of TX is large when compared to its indexed value and moral level (0.05) This indicates that the regression curve is sufficient to describe the relationship between (x , Y) and a level of confidence (0.95 this is confirmed by a moral value (x) and the test (T) has reached $tx = -2.280$.



In the light of the regression equation the constant point ($a = 6$), that means there is a risk management presence of 6.339 () when the value of the risk management is zero.

The value of the marginal ($\beta-1 = -0.570$) and the accompanying (x) indicates that a change in the amount of (1) in Risk management (x) will result in a change in the amount (-0.570) of the organizational collapse.

The value of the coefficient of identification (R^2) indicates a coefficient of 0.33, which means that risk management (x) interprets (0.33) the variation in the organizational collapse, and that (0.67) of unexplained variation is due to variables that did not enter the regression model, which is an acceptable indicator for comparing the calculated value of f (15.708) greater than its tabular value within the trust (0.05). On the basis of these findings, it is possible to accept the main effect hypothesis, which provided for a meaningful influence relationship to manage the risk by organizational collapse.

-Test sub-hypotheses: After the hypothesis of the main effect has been tested, it is necessary to test the impact of the risk management dimensions of the organizational collapse.

According to this hypothesis, the multiple regression equation for risk management variables ($x_1, x_2, X_3, X_4, X_5, X_6$) in the organizational collapse (Y) in terms of the following multiple regression equation:

$$y = a + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6$$

The multiple regression equation of the relationship between risk management (x) and organizational collapse (y) was:

Organizational collapse = (5.907) + (-0.080) hazard definition + (-0.274) risk analysis + (-0.589) risk assessment + (-0.368) Treatment of Risk + (-0.258) control and CTRL + (-0.102) contextual analysis under this formulation, the variance analysis table results in the analysis of variances between these relationships, as shown in table 5.

Table 5. Variance Analysis (ANOVA) of the relationship between risk management and organizational collapse

Model	Sum of Squares	df	Mean Square	R^2	F	Sig.
Regression	1.045	6	0.174	0.19	1.469	0.000
Residual	4.504	38	0.119			0.000
Total	5.549	44				0.000

Source: Computer results, program (SPSS, vev.21).



Table 6. Results of the test of the relationship of the risk management impact of organizational collapse

Model	Unstandardized Coefficients		Standardized Coefficients	Tx	Sig.
	B	Std. Error	Beta		
Constant	5.907	1.533		5.907	0.000
Definition of risk	- 0.095	0.183	- 0.080	- 0.521	0.000
Risk analysis	- 0.402	0.195	- 0.274	- 2.070	0.000
Risk Evaluation	- 0.794	0.204	- 0.589	-3.896	0.000
Risk Treatment	- 0.367	0.150	- 0.368	- 2.449	0.000
Mentoring and Review	- 0.362	0.175	- 0.258	- 2.070	0.000
Context analysis	- 0.137	0.203	- 0.102	- 0.673	0.000

Source: Computer results, program (SPSS, vev.21).

Table 6 shows the variance analysis and the table of transactions for the relationship between the dimensions of risk management (x1, x2, X3, x4) X5, X6 and organizational collapse at the level of the research sample (45), the value of f is large when compared with its indexed value and a moral level (0.05) freedom (5,161), this indicates that the regression curve is sufficient to describe the relationship between x, Y and the level of confidence (0.95), which is confirmed by a moral value (x) and by a test (t).

It has reached (tx1 =-0.521, tx2 =-2.070, tx3 = 3.896, tx4 =-2.449, tx5 =-2.070,, tx5 =-0.673)

In the light of the regression equation the constant point (a = 5), which means that there is an organizational collapse of its amount (A = 5) when the value of the risk management is zero.

The value of marginal Has reached (1 =-0.095) and accompanying (X1) indicates that a change in the definition of risk (x1) will result in a reverse change in the amount (-0.095) of the organizational collapse.

The value of the marginal Has reached (β -2 =-0.402) and the accompaniment to X2 indicate that a change in the magnitude of (1) in the Risk Analysis (x2) will result in a reversal of its magnitude (-0.402) in the organizational collapse.

The value of marginal Has reached (β -3 =-0.794) and accompanying (x3) indicates that a change in the magnitude of (1) in the Risk Assessment (x3) will result in a reversal of the magnitude (-0.794) of the organizational collapse .

The value of the marginal slope (β -4 =-0.367) and accompanying (x4) indicates that a change in the amount of (1) in the treatment of the hazard (x4) will result in a reverse change in the amount (-0.367) of the organizational collapse.



The value of the marginal Has reached ($\beta_5 = -0.362$) and the accompanying (X5) indicates that a change in the amount of (1) Control and Control (X5) will result in a reversal of its magnitude (-0.362) in the organizational collapse .

The value of the marginal slope ($\beta_5 = -0.137$) and accompanying (X6) indicates that a change in the amount (1) of the context analysis (X6) will result in a reversal of its magnitude (-0.137) in the organizational collapse.

The value of the coefficient of identification (R2) indicated a coefficient of (0.19), which means that risk management (x) interprets (0.19) the variation in the organizational collapse, and that (0.81) of unexplained variation returns to variables that did not enter the regression model and is an acceptable indicator of the strength of the regression model.

Conclusions and Recommendations

In this regard, the aspects that researchers have reached are clearly diagnosed through the approach and that collected the data by testing the hypothetical model of the research and reached the following conclusions and recommendations:

Conclusions:

- (1) The failure of some organizations, especially industrial organizations, is due to the non-application or existence of an independent risk management that exercises its operations labeled as risk, risk analysis, risk assessment, risk treatment, control and risk control, risk context analysis, and other processes.
- (2) The company under consideration needs a scientific methodology for risk management in the absence of a major system to deal with the crises facing companies, including financial crises.
- (3) Descriptive statistical results have shown high levels and this is evidence of the attention and understanding of the sample of the risk management variable and of the paragraph, which provides for the company to clarify the threat, opportunity or attitudes that give rise to the real risks.
- (2) Research has found a level of empowerment of the company's employees, which can be achieved by intensifying training, learning, a delegation of authority, statement of responsibilities and installing of trust.



(3) It has been found that the company concerned has difficulty in the level of creative capacity of its staff to think, analyze and interpret information.

(4) The failure of companies, especially companies in Iraq, which ascribes the root cause of this failure, to the lack of an integrated risk management system by these companies to counter the threat they face.

(5) The instability of the Iraqi corporate environment and the increasing uncertainty that companies must prepare for these cases are adversely affected.

(6) There is a clear understanding by the research community of the regulatory collapse and this is confirmed by the results of the descriptive statistical analysis, which is a clear indication of the impact of this variable and its repercussions on the company.

The results of the statistical analysis showed that there are correlation and statistically negative and acceptable relationships between the risk management variable and the regulatory collapse .

The results of the statistical analysis showed a statistically significant impact related to the risk management variable in the organizational collapse variable.

Recommendations:

(1) The company concerned should seek to increase the level of empowerment of the task forces through increased training and learning, the attribution of authority, the statement of responsibilities and the strengthening of trust among its staff.

(2) The company concerned must develop a scientific methodology for risk management that assists it in how it prepares to deal with the crises facing organizations, including the current financial crises in the country.

(3) The company concerned must address experiences from previous crises with a view to establishing a culture of learning from crises.

(4) To draw on the expertise and competencies of the company from administrators and consultants and the company's experts in dealing with the crises affecting industrial enterprises.

(5) The company's management must provide the technology and the potential to assist the employee in obtaining the knowledge required to work.

(6) The management of the company must provide an effective information system to anticipate the company's competitive future.



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In the Name of Allah the Most Gracious the Most Merciful Esteemed Gentlemen....

Peace, mercy, and blessings of God be upon you...

Subject : Questionnaire Form

We put in your hands the Ad hoc survey form, not our research tagged "the role of risk management in the face of the organizational collapse of Iraqi organizations" (analytical study at the Iraqi Southern Cement Company), your company has been elected as a field to test the model and hypotheses of research as a vital company in strengthening the industrial sector for the durability of the construction movement and sustainable development in our dear country... We hope you will cooperate with us in answering all the paragraphs of the questionnaire form from your experience and your firm knowledge of the realities and details of the work, since neglecting one of the paragraphs means the form should not be valid for statistical analysis, which reflects negatively on the accuracy of the variables adopted in the search with the offer that the form is intended exclusively for scientific research purposes.

... You have our highest esteem and respect for your continued success.... Thank you for your cooperation....

Assistant Professor Dr. Ammar Abdulmir Zon
University of Kufa College of Administration & Economics
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University of Kufa College of Administration & Economics Business
Administration Department

Lecturer Dr. Ali Hmeed Hindee
University of Kufa College of Administration & Economics Business
Administration Department

First . General information (especially for respondents)

(1) Current job location	<input type="text"/>
(2) Section and division	<input type="text"/>
(3) Years of service	<input type="text"/>
(4) Sex	<input type="text"/>
(5) Age	<input type="text"/>
(6) Qualification	<input type="text"/>
(7) Jurisdiction	<input type="text"/>



Second: Search variables:

(1) Indicators of measurement of risk management:

It refers, within the limits of this research, to the set of processes that include the identification, measurement, and analysis of the risk management to which the company is exposed.

❖ Please mark (✓) before the paragraph and below the degree of agreement with the level of adoption of the company under the following directions and paths and in accordance with your experience and knowledge of the field of work

Seq	Items	Response				
		Strongly disagree	Disagree	Neutral	agree	Strong agree
First: Definition of risk:						
1	Employees and task forces in the company have a high awareness and rapid response to the quality of the risk.					
2	The company relies on technology to identify and determine the risk it faces in the market in which the company operates.					
3	The company has an integrated system of approaches and methods to define risk at the level of all the company and in particular its decision-makers.					
4	The company conducts workshops on the definition of risk, its causes and its negative effects.					
Second: Risk Analysis:						
5	The company possesses a perception of the risks and returns achieved through labor market analysis.					
6	The company has the ability to use qualitative analysis to determine the probability of risk and the impact it has produced.					
7	The company has the ability to classify the risk to which it is exposed.					
8	The company conducts the analysis at the level of all of its activities using analysis (SOWT).					
:Third: Risk Evaluation						
9	The company has the ability to determine the risk, probability and impact it has produced.					
10	The company has the ability to identify and accurately assess the market risk that the company operates.					
11	The company possesses a system of experiments and experiences in the light of which the risks facing the company are assessed.					
12	The company uses scientific methods to detect risk and assess the severity of its degree.					
: Forth: Risk Treatment						
13	The company has the ability to detect and address current and new risks.					
14	The company will pose the risk to all technical management levels for the purpose of participating in its processing.					
15	The company uses financial engineering tools for the purpose of prevention and treatment of the risk they face.					
16	The company will adopt a diversification method in its investments for the purpose of addressing and minimizing risk opportunities.					
Fifth: Monitoring& control:						
17	The company relies on an effective monitoring system in the immediate submission of inspection and evaluation reports.					



18	The company possesses a system of the database that allows it to identify, control and control the risk.					
19	The company will monitor and follow up on actions taken by all its administrative levels.					
20	The company has a system of effective communication between itself and its departments in implementing risk management procedures.					
Sixth: Context Analysis:						
21	The company possesses objective performance rates through which the risk context is analyzed.					
22	The company analyses the risk context and interprets its implications and future implications for the company according to technical criteria.					
23	The company determines the factors causing the risk to occur such as factors (social, economic, legal, cultural and technological).					
24	The company will explain the threat, opportunity or attitudes that give rise to the real risks.					

(2) Indicators for measuring organizational collapse:

It means the stage at which the organization enters when it fails to anticipate, recognize, avoid, and cope with internal or external pressures that threaten its future career.

❖ Please mark (√) before the paragraph and to the degree that it reflects the extent of the agreement with the level of adoption of the company under the following directions and paths and in accordance with your experience and knowledge of the field of work .

Field of work :

Seq	Items	Response				
		Strongly disagree	Disagree	Neutral	agree	Strong agree
First: Internal Elements :						
25	The company rarely has an effective cost control system.					
26	The company does not have an effective information system to anticipate the company's competitive future.					
27	The company's management does not provide the technology and the potential to help the employee obtain the knowledge required to work.					
28	The management of the company lacks appropriate marketing strategies for the goals.					
Second: External Elements :						
29	The company lacks to keep abreast of technological developments to maintain the business process.					
30	The company does not receive government support and backing.					
31	Members of the community with whom the company is engaged to have a low level of income .					
32	The conditions do not contribute to the natural environment of the company in providing its resources.					
:Third: Human Elements						
33	The company's employees are often highly disciplined.					
34	The company does not have sufficient numbers of management skills.					
35	The company's staff are limited in successfully discharging their tasks.					



36	Weaknesses in the level of creative capacity of the company's staff to think, analyze and interpret information.					
Forth: Structural Elements:						
37	The company's management often involves lower levels of decision-making.					
38	The management of the company is weak in devising exceptional solutions to new problems.					
39	The organizational structure of the company does not allow for structural flexibility to adapt to changes in the emergency.					
40	Unit managers do not have a degree of authority and control over the company.					
Fifth: Financial Elements:						
41	The company does not have multiple sources of funding.					
42	Inadequate financial means for the company to finance production operations..					
43	The company lacks a financial structure that maximizes its market value.					
44	The company lacks a balance between inward and outward cash flows.					

**We wish you all the success and development in your career and thank you
Researchers**



***Impact of Empowerment Strategy in Supporting
the Total Quality Management
An Analytical Study of the Opinions of a Sample of Workers in the Men's
Clothing Factory in Al-Al-Najaf Al-Ashraf City***

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Abstract

This research attempts to recognize the concept of Empowerment Strategy, showing its significance, objectives and the dimensions of Empowerment strategy, as well as identifying the most important findings of the researchers in the field of strategy and empowerment concerning the concepts, applications and requirements of empowerment strategy and the practical aspects of this concept. The other aspect of this research includes the concept of TQM and the relevant dimensions that contribute to achieve the total quality in business organizations.

To justify the philosophical foundations, the research adopts (Daft, 2001) Model that corresponds with (Biwott et al.,2015: 65) model to measure the three-dimensional Empowerment Strategy: (information, knowledge & skills, power). For the adopted variable (Al-Damen,2017: 194) model has been used to determine the TQM dimensions.

The questionnaire has been adopted as a main tool in collecting research data and information, as well as some personal interviews with the sample members who represent a group of leaders and subordinates in the men's clothing factory in Al-Al-Najaf Al-Ashraf governorate, they has been (80): (23) heads of departments or branches and (57) laborers. For the purpose of analysis and statistical processing, the descriptive analytical method has been adopted as a research method by the(SPSS V.22). The research concludes a number of findings, where the most important ones are:- the leaders and followers in the men's clothing factory pay a great deal of attention to the concept of empowerment strategy; putting its aims and bases with that of the other system concluding the result of this process which aims to find a more developed system based on quality, where empowerment strategy is mainly based on the support of business organizations, through empowerment strategy, to provide a positive organizational climate for all employees in the organizational work environment to implement the modern management strategies such as TQM and others that will strengthen the factors that contribute to support the knowledge makers and their ability to perform their work in a streamlined without the employer pressure.

Key words: Empowerment Strategy, Total Quality Management, Men's Clothing Factory.



Introduction

The environment of organizations in all their forms, sizes and activities has been characterized by instability, particularly the emergence of serious competition, global markets, the consolidation of globalization and the speed of movements and dynamism in the business world. This has resulted in the rise of entangled and complex problems that have cast a shadow over business organizations. Hence, the organization has to find the resolutions to confront such problems. One of the appropriate means of this confrontation is to adopt the strategies that enable organizations to eliminate or reduce problems.

It also requires an appropriate environment based on information, knowledge, the strength of management and how to distribute rewards and teams management, so paying attention to empowerment strategy is one of the strategies pursued by business organizations to succeed in work and to survive as well as to cope with changes in the successive internal environment.

In order to secure applying empowerment strategy within the internal environment of the business organizations, they have to form the TQM through which the organizations can achieve the desired objectives through the management's commitment and adoption of this concept and its strategy, the extent of employee participation and the importance of continuous improvement.

Therefore, this study is an attempt to identify the impact of human resource empowerment strategy, which is the most valuable thing for the organization, through the human resources represented by competencies, skills, creativity and experiences by which the organization can achieve its goals and future strategies. This is reflected in the success of TQM in any strategy that any organization can develop.

This research includes four sections as follows:

Sections One: is devoted to the procedural structure of the research (its problem, importance, objectives, hypotheses and methodology).

Sections Tow: The theoretical framework of the research, with the researcher's view on the two main themes (empowerment strategy and total quality management), which has been prepared after their review in a part of the literature of administrative thought regarding the two main variables.

Sections Three focused on the field framework, starting with the description of the research sample and ending with testing the correlation and the effect between the two variables under study.



Finally, Sections Four, presents the research findings and recommendations.

Section One: The Research Scientific Methodology

This section deals with the research problem, importance, purpose, and the hypothesis:

1.The Research Intellectual Problem

Since the late of the 1990s of the last century and the beginning of the twentieth century, the contemporary administrative has been aware of the intellectual problem, and attempted to study several ideas related to the intellectual problem. Among the most important of these has been the attempt to introduce an approach to the strategy of empowerment. The most important positive results of applying the strategy of empowerment. Are presented Is it to be more responsive to the work environment and customer requirements as well as to reduce the number of administrative levels in all organizational structures, which lead to more effective communication process and reduce the duration of decision-making. Empowerment strategy helps to launch the creative capacity of the working individuals to ensure that their proposals, ideas and opinions reach the decision-making center, and not put these ideas on the long road to the hierarchical administrative levels of the rise and impediment to creativity and innovation. Therefore, the most important result of empowerment strategy is to provide more of the functional satisfaction for employees and motivation belonging to work . In this way, the intellectual Problem can be framed in the context of the intellectual questions of research, which can be summarized as follows:

Through the problem, the research attempts to answer the following questions:

1. What is the empowerment strategy? Does the organization realize this concept?
2. What is the level of interest of the organization under consideration for the importance of TQM?
3. Is there a role for the empowerment strategy as an independent variable in supporting TQM with its adopted standards as an adopted variable?
4. Is there an impact for the empowerment strategy as an independent variable in supporting TQM through its adopted standards as a dependent variable as well.



2. The Problem of Research

This part represents the field part of the study, where the research problem is defined the repeated visits and continuous interviews with a sample of departmental and branches directors in the Men's Clothing Factory in Al-Al-Najaf Al-Ashraf governorate; it is represented by the weakness of their cognitive and field awareness of the strict conceptual content related to the empowerment strategy, where they have been unaware to the study variables, especially for the concept of empowerment strategy which has a kind of ambiguity with different interpretations and perspectives, in addition to the limited understanding among department directors and branches in the men's clothing factory with regard to the impact of empowerment strategy. It is a result of the increasing competitive environment faced by business organizations, especially the clothing sector in Iraq, which currently faces several difficulties, including the quality of its products and its competitive position for other competing laboratories in the same environment (local and regional) or in other environmental sectors (Global). One of the reasons for this may be the precise identification of the internal possibilities available to the factory in order to adapt them to the requirements of the local market, especially the customer, which represents the first problem facing the clothing factory in the local environment. The second problem, is related to the achievement of productivity of a comprehensive quality and in conformity with international standards, by focusing on the quality required in its outputs and competitiveness in its performance, where business organizations in general and clothing factory in particular need a number of criteria and indicators required to improve their efficiency through the adoption of quality programs from a comprehensive perspective in the performance of its employees and in the services or products. it offers and put them to the local and external market. As a part of the response to the project to promote the competitiveness of the garment products sector sponsored by the Ministry of Industry and Minerals of the Iraqi Government, the research is directed towards identifying ways of complying with criteria for ensuring quality and productivity based on knowledge resources as a tool to enhance competitive advantage at the local level. Thus, the Iraqi organizations, especially the clothing factory, need to be aware of the reality of their work. This is reflected in the organization's adoption of the research sample to identify and clarify the relationship between the empowerment strategy and the total quality management system adopted in the work environment.



Thus, we can identify the research most important field questions in the light of the realistic perceptions available for the studied sample about the research variables, as follows:

- ◆ Do department and branches directors in the Men's Clothing Factory in Al-Najaf Al-Ashraf have a clear perception or a certain awareness of the research variables (empowerment strategy, total quality management)? What are its sub-dimensions?
- ◆ What is the constructive and exploratory honesty of the research scale in the light of the answers of the sample on the studied factory level?
- ◆ What is the level of the influence relationship between the dimensions of empowerment strategy and the total quality management with their dimensions on the studied factory level?

3. The Importance of Research

This research importance lies on seeking to answer the questions raised in its problem regarding its variables.

Since these questions range from theoretical questions to field questions, it can be said that the importance of research will be determined as follows:

A. The theoretical importance: It will be clarified by the answers of its theoretical problem questions as it will provide a theoretical framework that establishes the concepts of the strategy of empowerment, total quality management and everything related to them in light of the present millennium data, in order to meet some or all of the needs of those interested in them.

B. The field importance: It is clarified by testing the correlation and impact relationship between the empowerment strategy and TQM to determine their significance and strength. This may draw the attention of the directors towards the beneficiaries in their organizations to work on employing them in a way that does not benefit from the limits of TQM In their organizations only, but extends to include the optimal investment in all other organizational areas. In addition, the results of field analysis may enhance the theoretical importance of research, among the interested parties as well.

4. The Research Goals: The main objective of the research is to verify the relationship and influence between empowerment strategy and total quality management in the light of the research problem and its importance. More specifically, the research sought to achieve several objectives such as:-



- 1- To recognize the empowerment strategy dimensions and the level of answers to the sample research.
- 2- To recognize the TQM in the light of the responses of the research sample.
- 3- To test the correlation and influence between the empowerment strategy and the total quality management.
- 4- To have a statistical measurement for the level of importance of the main and secondary variables on the level of the men 's clothing factory research sample and to study the real order to show its field importance according to the answers of the members of the research sample.

5. The Research Hypotheses

In order to provide answers to the research problem, its hypotheses can be expressed as follows:

1. The first main hypothesis: There is a significant correlation between the empowerment strategy as an independent variable and TQM as a dependent variable. The following sub-assumptions are derived from this hypothesis:

- ◆ There is a statistical significant correlation between empowerment strategy in its dimensions combined and after focusing on customers dimension.
- ◆ There is a statistical significant correlation between the empowerment strategy in its dimensions combined and driving dimension.
- ◆ There is a statistical significant correlation between the empowerment strategy with its combined dimensions and continuous improvement dimension.
- ◆ There is a statistical significant correlation between the empowerment strategy in its dimensions combined and employee participation dimension.
- ◆ There is a statistical significant correlation between the empowerment strategy in its dimensions combined and the fact-based management dimension.
- ◆ There is a statistical significant correlation between the empowerment strategy in its combined dimensions and management of operations dimension.
- ◆ There is a statistical significant correlation between empowerment strategy in its dimensions combined and the strategic management dimension.



◆ There is a statistical significant correlation between empowerment strategy in its dimensions combined and after the participation of suppliers dimension.

2. The second main hypothesis: There is a statistically significant effect of the empowerment strategy as an independent variable in supporting TQM as a dependent variable. The following sub-assumptions emerge from this hypothesis:

◆ There is a significant statistical effect between empowerment strategy in its dimensions combined and focusing on customers dimension.

◆ There is a statistically significant impact between the empowerment strategy in its dimensions combined and driving dimension.

◆ There is a statistically significant impact between the empowerment strategy in its dimensions combined and continuous improvement dimension.

◆ There is a statistically significant impact between the empowerment strategy in its dimensions combined and the participation of workers dimension.

◆ There is a statistically significant effect between the empowerment strategy in its dimensions combined with the fact-based management dimension.

◆ There is a statistically significant impact between empowerment strategy in its dimensions combined and the management of operations dimension.

◆ There is a statistically significant impact between empowerment strategy in its dimensions combined and strategic management dimension.

◆ There is a statistically significant impact between empowerment strategy in its dimensions combined and the participation of suppliers dimension.

6. The Research Plan: After a comprehensive review of recent studies in this field, the descriptive schema of the research have been developed to reflect the nature of the correlative and affective relationships between the dimensions and the main and sub-variables, supporting the problem of research and achieving its objectives and a photographer of its hypotheses and philosophical assumptions to reflect the dimensions and variables of the phenomenon investigated. In light of the above, as shown in Figure (1), we see that the trend of the movement of the schema is of particular importance discussion to researchers as it is the basis for the nature and direction of the hypotheses of the main and sub-research, and the stocks



that link the main and sub-research variables show the nature of the relationship and impact.

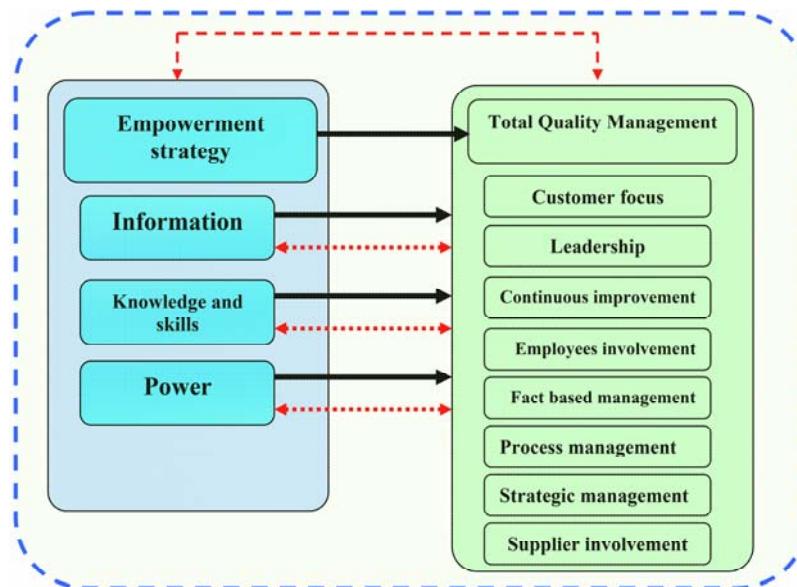


Figure (1) The descriptive research schema

7. The Research Community and Sample

One of the most important industrial organizations is the Men's Clothing Factory in Al-Najaf Al-Ashraf governorate as the spatial boundaries of the research. The period from 2/3/2017 to 9/8/2017 has been defined as the limits of the temporal research. The questionnaires were distributed to the leaders and subordinates in the departments and branches of the factory (100) were distributed and the questionnaire retrieved and valid for the statistical analysis of the organization in question is (80) form.

8. Research Methodology

The researchers relied on the analytical descriptive approach in completing their research because they believe that it has appropriate to achieve the desired objectives of their research. They have also relied on the techniques of this method in collecting data requirements, which is obtained by using a questionnaire form prepared by researchers according to the scientific contexts in preparing the questionnaire including three indicators, the first of which has been concerned with the indicators used to describe the sample of the research (gender, age, qualification, experience and training courses). The second includes indicators that measure the variable of the empowerment strategy (15) Indicator which measure the TQM variable, and their number (40) are also indicators. In terms of statistical analysis techniques, SPSS techniques have been used to calculate the frequencies, percentages, computations, standard



deviations, correlation coefficients and simple and multiple regression, and were used to complete this research in the field.

9. The Research Tools

To achieve the objectives of the research and coverage of theoretical and field subjects alike, the researchers adopt a set of tools and scientific means to achieve this purpose, which are the basis for highlighting the results of the research, as follows:

A. Data and Information Collection Tools

The researchers relied on covering the theoretical aspect of the available bibliographic and electronic resources, which have been represented by Arab and foreign scientific sources, which included books and periodicals, letters and university papers related directly and indirectly to the research variables. The Internet has been used to collect researches and studies related to the topic research and follow up related scientific developments. The field aspect has been adopted by the researchers in preparing the following methods:

♦ **Interview:** The interview questions have been designed to cover some aspects of the research, through which the researcher has been able to communicate directly with the field realities through dialogue and discussion with the respondents about the variables of research, and enabled to prepare their minds to receive and understand the terms and paragraphs of the questionnaire, The aspects that cannot be known through other means, such as the actual reality observation of the work, and can clarify the problem of research for the respondents, and indicate the extent of the use of research for the organization in question.

♦ **Questionnaire:** The questionnaire has been the main source or the main tool adopted by the researchers in collecting data and information about the variables of the research. The questionnaire has been designed to diagnose and measure the main and secondary research variables of the research variables, and the accumulation of knowledge, as well as the use of the opinions of experts and specialists in this area, and the questionnaire has been issued in its final form, Annex (1).

B. The Form Scale

The five-choice Likert scale, which is one of the most widely used in administrative and social sciences, has been used as an easy-to-measure and accurate measure. The values of the scale are set at (5) for the highest scale and (1) for the lowest scale.

C. Testing of the questionnaire



The researchers have conducted many tests on the questionnaire, the purpose of which has been to verify its validity and stability, as follows:

1. Virtual Honesty Test

The questionnaire has been distributed to a number of arbitrators from the field of business administration. In light of the observations and suggestions presented, the questionnaire has been modified to become more accurate and expressive to clarify the relationships between the variables investigated. The questionnaire has been a good success in communicating the intended ideas of the respondents to objective responses.

2. Content Validity Test

It is the degree of independence of the variables which is different from each of others. The statistical truth is obtained by using (Cronbach Alpha) coefficient through the statistical program package (SPSS v.22) where the results are as in the table below:

Table (1) Test the honesty and statistical stability of the research scale

sequence	Research variables	Number of paragraphs	Alpha Cronbach coefficient
1	Empowerment Strategy	15	0.86
2	Total Quality Management	40	0.93
3	Total variables	55	0.85

Source: Preparation of researchers based on the outputs of the electronic calculator

The reliability of the Questionnaire was based on the Cronbach Alpha (Alpha) for the Empowerment Strategy (0.86) and the Alpha (Total Quality Management) (0.93) At the total level of the questionnaire (0.85) which is significant at the level of confidence (0.05). This is a good indication that the research resolution scale is highly consistent and can be adopted for individuals themselves at different scales and achieves the same results.

Section Tow: The Research Theoretical Aspect

Empowerment Strategy and Total Quality Management

1.Empowerment Strategy

1.1. Empowerment Strategy Concept

Business organizations in the competitive environment face major challenges such as the rapid pace of technology change, the acute shortage of skilled manpower and the aging of products and services that are compelling to redirect current employees to survive and compete. Dedicated and committed workforce is essential to achieving



organizational goals. Staff in charge of work and within their competence feel confident and able to influence others in the work environment in a meaningful way. They are likely to be inventive and innovative, and continuous pressure on management to reduce costs and increase productivity can only be through A satisfied and committed work force, and that the performance results of enabling strategies practices contribute to high productivity, service delivery, proactive and superior response in a competitive business environment, and positive results achieved by empowerment strategies Job satisfaction, organizational commitment, collective commitment and individual commitment, make the individual satisfied, committed and valuable to the organization, and that such employee is psychologically connected with his work and is less likely to leave the organization, thus making a greater contribution to the success of the organization. Management and staff are most common in the form of increased personnel authority, responsibility and impact on commitment (Biwott et al.,2015:65). He asserts (Kashani et al.,2016:325) Empowerment strategies for employees comprise a comprehensive risk assessment report on the working environment with detailed recommendations for the type of work to optimize the achievement of goals and identify motivation, and to motivate staff to attend the organization's multidisciplinary educational workshops. An interactive and stress management experience and focus on the impact of implementable behaviors in the work environment. He sees (Dreier,2016:122) Empowerment strategies are defined as the ability of the organization to make strategic choices where that capacity is not present, and empowerment strategies are usually described as practical and include two key elements:

- 1) Resources (not only financial and productivity assets but also opportunities, capabilities, social networks and other environmental factors).
- 2) the agency, or the ability to act in the interests of the individual. Empowerment strategies are understood to be multidimensional; they include social, economic, legal and political dimensions. Taking into account these differences, enabling strategies for business organizations can be defined as the process of expanding current and future capacity to make strategic decisions in all organizational areas.

It is mentioned (Rathna,2016:6-7) The empowerment strategy has been defined in many ways, but most authors agree that the key element of empowerment strategies involves giving staff discretion (or latitude) for certain task-related activities. The empowerment strategy represents the "transfer of authority" from the employer to the employees , and a



number of researchers believe that the strategies of empowerment is a state of mind, and that the employee who has experience in rational power feel many feelings, including:

- 1) To control the function or task assigned to him, which he has to perform.
- 2) To be aware of the contexts through which the work is carried out.
- 3) accountability for personal work output.
- 4) Sharing responsibility for organizational unit performance.
- 5) Equity in bonuses based on individual and collective performance.

(FalkRafael,2017:1) believes that the major business organizations have described empowerment strategies as an active and integrated process rooted in personal or cultural areas that have been reached towards achieving business objectives through strategic programs to support empowerment, such as the participation of customers in expressing opinions about FAO products, raising awareness and increasing knowledge and strategies. Empowerment strategies contribute positively to organizational goals through information and skills development programs, from oral and written information to the role of the employee in his work and to allow customers to make more informed choices and take more effective actions to achieve business objectives.

1.2. Empowerment Strategy Dimensions

The Empowerment Strategy is an "empowerment process" that promotes "decision-making" to achieve change. Many researchers focus on empowerment strategies that represent the process by which the primary energies of the employees in the organizational work environment should be directed to which most of the goals for achieving change Organizational strategies for the individual and the group as appropriate. Empowerment strategies for staff are developed by delegating authority and responsibility from higher levels in the organizational hierarchy to a lower level of staff, particularly decision-making power, and these strategies will improve Productivity, performance and job satisfaction. Empowerment strategy in the organizational work environment has been linked to the concept of authority, suggesting that the power sharing in the organization should be re-established from top management to lower management (Rathna,2016:6-7). One of the most important administrative terms addressed by many writers and researchers in different fields, which contributed in one way or another to the emergence of different and multiple dimensions of this term, and in this aspect (Daft, 2001) proposed three dimensions and promised the basis in shaping empowerment



strategy and success. (Biwott et al.,2015:65) focuses on the following three dimensions of the strategy of empowerment:-

A. Information: providing information on all aspects of the organization and addressing it to working individuals.

B. Knowledge and Skills: The acquisition of knowledge and skills by employees is an important and important factor in implementing the empowerment strategy, ensuring its success and contributing to joint efforts to achieve the objectives of the organization.

C. Power: Having the power of personnel to make fundamental decisions seems necessary in the implementation of the empowerment strategy. The reality of many organizations today is that they give their members the power to influence their business processes through quality cycles and self-managed teams (Self-directed work teams). These teams are given the freedom to make day-to-day decisions and take action without the need for guidance.

2. Total Quality Management

2.1. Total Quality Management Concept

The term Total Quality Management (TQM) is a modern term and has many concepts by different researchers, each expressing a specific point of view because of the novelty of the issue. The topic of TQM is a broad topic. Chartered Institute of Quality defines total quality management as an organizational management philosophy that enables it to meet the needs and expectations of stakeholders efficiently and effectively without compromising ethical values. The American Quality Association looks to TQM as a management approach for long term success through customers satisfaction. TQM is a systematic approach to plan and implement the process of continuous organizational improvement focusing on customer satisfaction, building commitment and enhancing open decisions, and TQM can be seen as the interaction between inputs including individuals, methods, policies and tools to achieve high quality outputs, with a comprehensive set of tools and approaches for implementation (Al-Damen,2017:194). And that TQM practices significantly affect organizational performance and therefore directors in organizations work for organizational performance and must pay close attention to all components of TQM (Chepke & Chelouget, 2017: 521). (Alhazmi et al., 2017: 8) mentioned that the concept of TQM refers to a long-term management approach to achieving the objectives of the organization, as well as working to meet the needs of customers and in the context of TQM efforts, organizational members participate in enhancing processes, products and services as well as the culture that



TQM is also referred to as Total Productive Maintenance. It is also defined as a method of continuous promotion of product and labor management, and TQM is the integration of management and quality tools that are mainly aimed at increasing business as well as minimizing losses. Clump practices on the use of non-effective. (Suganthi et al., 2017: 204) believes that TQM focuses on the quality of the management system, not on quality management, on the continuous improvement of operations in order to improve every feature of the organization, quality as a degree of excellence in a competitive sense such as reliability, service, maintenance or Even individual characteristics, the quality system refers to the organizational structure, procedures, processes and resources required to implement quality management. (Alqahtani et al. 2017: 114) indicates that although TQM has many definitions, most of these terms carried out by many researchers have a single approach that focuses on developing the organization as a whole constantly to improve product quality and increase services for satisfaction Customers and team members. The characteristics and forms of TQM vary according to the organization's objectives. Quality requires continuous improvement to win and achieve customer satisfaction. TQM requests top management of the organizations to implement systematic and convincing analysis, as well as ethics, integrity, trust, training, teamwork, leadership and recognition. Communication is the aspect of TQM.

2.2. Principles and practices of Total Quality Management:

There is a consensus that organizations must follow a number of principles in an integrated way to successfully implement TQM, and to determine the determinants of TQM. Different studies have been conducted and various tools and standards have been developed by quality management researchers. These standards represent eight basic principles of quality management Including: customer focus, leadership, continuous improvement, employee participation, fact-based management, operations management, strategic quality management, and finally supplier participation (Al-Damen, 2017: 194). (Dragomir, 2017: 31) believes that TQM is based on an investment-driven organization to develop knowledge for its staff, and TQM practices encourage organizational learning and clarify the importance of advanced knowledge as the core element of quality management. Many authors believe that the learning organization have a specific role in creating quality, new knowledge and favorable advantage of market opportunities. (Gyan, 2017: 59) believes that TQM as a strategic choice is to enhance the performance of the organization, arguing on the principle of using a comprehensive approach to achieving sustainable success and increasing organizational performance. This concept emphasizes continuous



improvement in all sectors and activities of the organization. The view that continuous improvement of the Organization's activities is a process rather than a final one. Although TQM has diverse concepts, almost all of its core concepts are human-centered. First, TQM explains the commitment and direct involvement of senior officials Executives in setting goals and quality policies, allocating resource efficiency, and monitoring results within the organization. Second, the concept emphasizes the conversion of beliefs and practices performed by individuals in the Organization. Third, TQM ensures that individuals are at their best. Consequently, mere leadership supervision is replaced by the promotion of quality and productivity, thus reducing overall cost continuously. Finally, the concept supports teamwork and self-improvement and discourages barriers between staff in the organization. (Alhazmi et al., 2017: 8) mentioned that with the emergence of globalization, competition at the global level has strengthened the importance of quality in business, although it has also put pressure on organizations. These pressures and challenges have renewed the value of strengthening the Organization's long-term presence Technology is primarily an enabling mechanism that contributes to the enrichment of jobs as well as increased job satisfaction, and higher quality management is the philosophy of management as well as assets that aim to promote customer-centric practices for quality transfer. The principles of TQM, And practices in all areas Functions in organizations such as marketing, data systems, finance, research and development. (Al-Sabi et al., 2017: 136) believes that there is a set of TQM practices, which are grouped into eight categories (or critical factors), as follows:

The role of quality management, the role of senior leadership, product / service design, quality data and reporting, supplier quality management, training, staff relations, operations management, and in response to real challenges such as high technology, globalization, open international markets, Organizations are widely on TQM, many organizations have begun to adopt the total quality of quality Productivity improvement programs and improved organizational efficiency at home, thus providing a comprehensive approach to improving competitiveness, effectiveness and flexibility through planning, organization, understanding of each activity, engagement of each individual at each level, and TQM "as an administrative philosophy that includes a set of principles, techniques and tools used such as continuous improvement Quality processes, products, services and individuals by engaging all employees to achieve superior customer satisfaction.



2.3. Total Quality Management Dimensions:

The model has been relied upon (Al-Damen, 2017: 194) in defining the dimensions of TQM is a sophisticated model consisting of eight main dimensions as follows:

A. Customer focus:

Through the involvement of customers in product design and development process, and focus on achieving greater customer satisfaction.

B. Leadership:

The quality of acceptance of quality responsibility by senior management, participation in quality improvement efforts and monitoring of this application, including the identification of quality culture and commitment to quality improvement, guidance and impact of the company in the development of quality strategy and maintain effective leadership through the organization, and set policies, Tactics for staff to implement.

C. Continuous improvement:

It is represented by the continuous effort to find new ways and technologies to produce better quality products and services that are more competitive and exceed customer expectations.

D. Employee involvement:

To engage staff in quality improvement activities such as teamwork, employee suggestions, and employee commitment, leading to higher organizational performance that focuses on a range of financial and non-financial indicators that provide information on the degree to which objectives and results are achieved as a result of employee participation.

E. Fact based management:

Based on effective decisions in the analysis of data and information. This is achieved by taking measurements and collecting data and information related to this purpose, ensuring the accuracy and validity of data and information, easy access to analysis of data and information methods, achieving the importance of using appropriate statistical procedures and techniques.

F. management Process:

By focusing on the effectiveness and efficiency of the design, management and optimization process that fully meets the needs of the customer, and generate increased value for customers and other stakeholders.



G. Strategic Management:

Strategic planning for quality, which represents a systematic approach to defining long-term business objectives, including objectives to improve quality and plans to achieve them. These include: - Analysis of the external and internal environment, strategy and development, dissemination of strategy, assessment and control.

H. Supplier involvement:

The Group's quality management practices related to the supplier to improve the quality of products and services to suppliers. This is reflected in the partnership between FAO and suppliers and the adoption of product quality as a criterion for selecting suppliers, engaging with suppliers, communicating with them, understanding supplier performance and reviewing the quality of suppliers.

Section Three

Analysis and Testing of Research Hypotheses

1. Statistical description of the research variables

The objective of this paragraph is to know the level of research dimensions (Empowerment Strategy and Total Quality Management) by using the arithmetic mean, standard deviation and percentage. Each dimension obtains an average of less than (3) or a percentage of less than (60 %) Is rejected.

Table (2) Statistical Description of the Empowerment Strategy

NO	Independent dimensions	Arithmetic mean	standard deviation	percentage	Order of Dimensions
1	information	3.65	0.73	0.75	3
2	Knowledge and skills	3.77	0.83	0.77	2
3	Power	3.85	0.87	0.80	1
	Empowerment Strategy	3.76	0.81	0.77	

Source: researchers depending on the results of SPSS 22 program.

- The data variable for the sample achieved a mean of (3.65), with a standard deviation of (0.73) and a percentage weight of (75%), the dimension occupied the third rank.
- The variable of knowledge and skills for the sample achieved with a mean of (3.77), with a standard deviation of 0.83 and a percentage weight of (77%), occupying the second rank.
- The power variable of the sample achieved with a mean of 3.85, with a standard deviation of (0.87) and a percentage weight of (80%), occupying the first rank.



- The independent main variable achieved the strategy of enabling the sample to be examined in the mean of (3.76), with a standard deviation of (0.81) and a percentage weight of (77%).

Table (3) Statistical Description of Total Quality Management

NO	Independent dimensions	Arithmetic mean	standard deviation	percentage	Order of Dimensions
1	Focus on customers	3.85	0.73	0.86	2
2	Leadership	3.90	0.72	0.82	3
3	continuous improvement	4.01	0.77	0.80	6
4	Employee participation	3.85	0.67	0.80	7
5	Based management	3.95	0.70	0.89	1
6	Operations Management	4.00	0.70	0.81	5
7	Strategic management	4.10	0.73	0.82	4
8	Supplier participation	4.01	0.72	0.80	8
	Total Quality Management	3.96	0.72	0.83	

Source: The two researchers depending on the results of the electronic calculator

- The variable of customer focus for the studied sample achieved with a mean of (3.85), with a standard deviation of (0.73) and a percentage weight of 86%, (2).
- The driving variable achieved at a mean value of (3.90), with a standard deviation of (0.72), and a percentage weight of (82%), (3)
- The variable of continuous improvement achieved at a mean of (4.01), with a standard deviation of (0.77), a percentage weight of 80%, (6).
- The employee participation variable achieved at a mean of (3.85), with a standard deviation of (0.67) and a percentage weight of (80%), (7).
- The fact-based management variable achieved at a mean of (3.95), with a standard deviation of (0.70) and a percentage weight of (89%), (1).
- The operability variable -at a mean of (4.00), with a standard deviation of (0.70), and a percentage weight of (81%), and the order of dimension (5).
- The strategic management variable achieved at a mean of (4.10), with a standard deviation of (0.73) and a percentage weight of 82%, (4).
- The variable of the participation of the researched suppliers achieved a mean value of (4.01), with a standard deviation of (0.72), and a percentage weight of (80%), (8).
- The TQM variable achieved with a mean of (3.96), with a standard deviation of (0.72) and a percentage weight of (83%).

2. Testing the correlation hypotheses of the main and subsidiary research variables:



This part of the research submits a statistical presentation through which the correlation between the two research variables (Empowerment Strategy and Total Quality Management) will be tested and analyzed according to the detailed research plan, as follows:

Table (4) The correlation matrix for the main and sub-variables

N0	The dimension	Total Quality Management	Moral level
1	Information	0.22	0.001
2	Knowledge and skills	0.23	0.001
3	Power	0.22	0.001
4	Empowerment Strategy	0.22	0.000

Source: The two researchers depending on the results of the electronic calculator

1 - **The first main hypothesis:** There is a significant correlation between the empowerment strategy and total quality management at the total level. Through the data of Table (4), it was found that there was a positive correlation (0.22), while the level of the mean was (0.000), which is less than the moral level specified by the researchers (0.05) Therefore, this hypothesis is accepted at the research level.

2. **The first sub-hypothesis:** There is a significant correlation between information and TQM at the macro level. Through the data of Table (4) It was found that there was a positive correlation (0.22), and the mean was (0.001), which is smaller than the level of morale determined by the researchers (0.05) Therefore, this hypothesis is accepted at the research level.

3. **Sub-Hypothesis 2:** There is a significant correlation between knowledge and skills and total quality management at the macro level. Through the data of Table (4) It was found that there was a positive correlation (0.23), and the mean was (0.001), which is less than the moral level determined by the researchers (0.05) Therefore, this hypothesis is accepted at the research level.

4. **Sub-Hypothesis 3:** There is a significant correlation between power and total quality management at the macro level. Through the data of Table (4) A positive correlation was found (0.22), and the mean was (0.001), which is less than the moral level determined by the researchers (0.05) Therefore, this hypothesis is accepted at the research level.

3. Results of the relations of influence between research variables

In this paragraph, we will discuss the results of the test and analysis of the relations of influence between the variables of the research and as stipulated in the main impact hypothesis (with a statistically significant effect of empowerment strategy in total quality management at the macro



level) and the sub-hypotheses emanating from them will be tested successively according to the scheme Research:

A. Results of the relationship of influence test to the main hypothesis

Table (6) shows the results of the impact relationship test for the TQM empowerment strategy based on the results of the simple regression determination assuming that there is a relational relationship between the true value of the X and TQM strategy and can be expressed as follows:

$$Y = a + \beta X$$

Where y = total quality management.

X = Empowerment Strategy.

B = the slope of the equation (the amount of change in y that occurs as a result of the change of x unit).

Statistical constant.

This equation shows that TQM is a function of the true value of the strategy of empowerment. The estimates of this equation and its statistical indicators were calculated at the level of the research sample of (80) individuals. The simple regression equation between the variables of empowerment strategy and TQM is as follows:

Total Quality Management = (3.96) + (0.22) Empowerment Strategy

In this context, ANOVH was analyzed for the variables and the results were as in Table (5).

Table (5) ANOVA analysis of the relationship between empowerment strategy and total quality management

Source of Contrast	Degree of freedom	Total squares	Average squares	R^2	F value calculated	Moral level
Regression	1	7.679	6.619	0.07	17.601	.000
The error	114	88.112	.385			
Total	79	95.087				

Source: The two researchers depending on the results of the electronic calculator n=80

The table of transactions referred to the values shown as follows:

Table (6) Results of the impact relationship of the empowerment strategy on TQM

Model	Non-standard transactions		Standard transactions	T	Moral level
	Beta coefficient	Standard error			
Hard	3.96	.114	Beta	11.523	.000
Empowerment Strategy	.257	.059	.22	5.083	.000

Source: The two researchers depending on the results of the electronic calculator n=80



The analysis of variance and the table of coefficients of the relationship between empowerment strategy(X) and total quality management (TQM) and at the level of the research sample of (80) persons show that the value of t is significant when compared with the table value of (1.523) and at a significant level (0.05) The regression curve is sufficient to describe the relationship between (X, Y) and confidence level (0.95). This is confirmed by the value of the statistic (X) and according to test t ($t = 5.083$).

In the light of the regression equation, the constant ($a = 3.96$) indicates that there is a TQM of 3.967 when the value of the enabling strategy is zero.

The marginal slope value ($\beta = 0.22$) and the accompanying X mean that a change of (1) in empowerment strategy(X) will result in a change of (0.22) in TQM.

The value of the coefficient of (R^2) is indicated by a coefficient of 0.07, meaning that empowerment strategy(X) explains its value (0.07) of the variation in total quality management, and (0.93) of the unexplained variance is due to variables that did not enter the regression model , Which is acceptable to compare the value of (f) calculated (17.601) greater than the tabular value of (3.96) within the confidence of (0.05) and in the light of these results accept this hypothesis.

2. Testing Sub-Hypotheses: After the hypothesis has been tested, the main impact is to examine the impact of the empowerment strategy (information, knowledge, skills, strength) in TQM.

According to this hypothesis, the multiple regression equation of the variables of the empowerment strategy (X_1, X_2, X_3) in total quality management (y) is in terms of the multiple regression equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

The multiple regression equation of the relationship between the empowerment strategy (X) and TQM was:

Total Quality Management = (3.96) + (0.03-) Information + (0.01) Knowledge & Skills + (0.05-) Strength.

Table (7) refers to the values shown as follows:

Table (7) Results of the relationship test between the empowerment



strategy and total quality management

Model	Non-standard transactions		Standard transactions	T	Moral level
	Beta coefficient	Standard error			
Hard	3.96	.230	Beta	11.523	.000
Information	-.035	.091	-.03	-.382	.703
Knowledge and skills	.011	.105	.01	.106	.916
Power	-.053	.090	.04	-.581	.562

Source: The two researchers depending on the results of the electronic calculator $n=80$

As shown in Table (7), the regression equation indicates the constant ($a = 3.96$). This means that there is a TQM of 3.96 when the value of the enabling strategy is zero.

The marginal inclination of intimacy ($\beta_1 = 0.03$) and accompanying X1 indicates that a change of (1) in information (X1) will result in a negative change of (0.03) in TQM.

The value of the marginal slope of knowledge and skills reached ($\beta_2 = 0.01$) and associated with (X2) indicates that a change of (1) in knowledge and skills (X2) will result in a positive change of (0.01) in TQM.

The value of the marginal inclination of force ($\beta_3 = 0.04$) and the accompanying X3 indicates that a change of (1) in force (X3) will result in a positive change of (0.04) in TQM.

On the basis of these results, the hypothesis is rejected at the level of information, knowledge and skills and sub-assumptions are accepted at the power level.

Section Four: Conclusions and Recommendations

A: Conclusions

(1) The subject of empowerment strategy is one of the of contemporary topics, which can be seen as a strategy aimed at allowing the workers to reveal their creative energies, and employment in the work, which contributes to support the total quality programs, as an entourage encourages departments to allow them to participate in Decision making tasks, especially in the areas of success of information systems.

(2) Empowerment strategy is one of the modern concepts aimed at developing human resources in organizations, where the encouragement of workers to submit proposals, which has an impact on the development of skills, and helps to expand the scope of empowerment compared to the previous phase in the work environment.



(3) Empowerment strategy is to adopt an open, interdependent organization based on collaboration and integration of teams from different fields of specialization, but they are involved in the completion of product or service production, building networks of employees, and building an educated, highly collaborative organization.

Despite the belief of the leaders of the organizations that quality and productivity are one of the most important challenges facing their organizations, many of them do not know the way to achieve this. Many of the major organizations in the world have responded to this challenge. The organizations known for their interest and application of quality have achieved high productivity, Market, and gave it an interest in applying quality standards as a continuous competitive advantage.

(5) TQM is an important issue in the organizations as the basis for competition and creativity and hence survival and growth in the business world as a result of the role played by TQM for business organizations in increasing productivity of the organization's production elements.

(6) One of the most important objectives of TQM is that the quality of business organizations is an integral part of their objectives and strategies, and the attention of the Organization's management of quality must be consistent and supportive of other strategic objectives. This concern must be seen and reflected in the way in which the Organization is engaged, including the development of plans and budgets.

B. Recommendations

(1) The investigated organization should activate the empowerment strategies and work to delegate authority to the lower levels of the organization. This process must be clear and not ambiguous.

(2) To motivate the business leaders to invest in empowerment strategies that empower their employees to make decisions and control how they do their business, as well as empower them to influence and change across the organization, such as organizational objectives, structures and reward systems.

(3) The theoretical and applied treatments of the empowerment strategies should focus on the strategic implications that concern the practice and experience in order to achieve success and excellence in the application of these strategies in the development of creative thinking as a way to improve the relationships of the individual and the development of work and creativity at work, and then in the areas of life to obtain information Knowledge, skills and ownership of power, which has become one of the most important strategies of empowerment.



(4) Emphasize the most important principles and practices of TQM in the work environment of the organization investigated and work on the crystallization of the objectives to be achieved by the application of quality management so that the vision is clear to all members of the organization while adopting this principle to focus on these objectives during application.

(5) Organizations must understand the principles of TQM, which require the creation of necessary requirements for the successful and effective application of this philosophy in organizations aimed at improving the quality of their products and work and to achieve customer satisfaction, the basis for which the organizations have been established.

(6) The organization is responsible for creating the working environment and climate in support of the total quality by focusing on the appropriate atmosphere necessary to carry out a cultural revolution because of the way in which the management thinks and works in the work of improving the quality constantly and focus on the work of the team and encourage the participation of the individual goals and decision-making.

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Annex (1)

Middle Euphrates Technical University
College of Administrative Technology / Kufa
Business Administration Department

Questionnaire form

Dear sir.....

This questionnaire form is one of the tools to accomplish our research entitled (Impact of Empowerment Strategy in Supporting the Total Quality Management/An analytical study of the opinions of a sample of workers in the men's clothing factory in Al-AI-Najaf Al-Ashraf Governorate). The aim of the research is to identify the importance of its main variables. In different organizations. As a result of what organizations are currently facing from increased competition, reduced costs and



increased performance, organizations have tended to use a strategy to empower employees to improve their performance in order to promote and support TQM in business organizations, thereby enhancing competitive productivity based on the concept of quality from a perspective Therefore, we ask you to read the paragraphs of the questionnaire carefully and patiently and then answer the paragraphs accurately to achieve the objectives of the study because of the expertise and expertise in your competence and field of work.

Please read the following notes:

- ❑ Each paragraph has (5) alternatives ranging from (disagree, disagree, disagree, agree and agree completely).
- ❑ The answer will be used for scientific research purposes exclusively.
- ❑ The researchers are fully prepared to answer your queries about the terms in the questionnaire at any time.

with great thanks and appreciation for your cooperation and support.

❑ Part I General Information:

❑ Personal data:

A. Name of organization					
B. Gender:	Male:	Female:			
C. Age: 20-30:	31-40:	41-50:	51-60:	61 and over:	
D. Educational Attainment	Secondary: B.Sc:	Diploma:	M.A.:	Ph.D.	Others rememb er:
E. Years of service less than one year:	1-5 :	6-10:	11-15:	16-20:	21 and over:
F. Current position	Head of the Department:	Director of Division:	Employee:		

❑ Part II: Study Variables:

A. Empowerment Strategy

It includes the following sub-variables:

1. Information

- ❑ How well do you agree with senior management in the lab?

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Providing information about organizational work with ease contributes to support the quality programs in our organization.					
2	Find the human resources management activities that our organization needs to exercise its functions in the changing environment of business organizations.					
3	Provide information on the past and present regarding work activities to assist management in the decision-making process.					
4	The principle of the abundance of					



	information in the work environment contributes to providing the various administrative levels in the factory with all the information it needs to help the decision makers to take the appropriate decision.					
5	Owning management information systems and delegating authority and responsibility to employees which increases competitiveness in the work environment.					

2. Knowledge and skills

How much do you agree that the management of the men's clothing factory has a strategy of quality in its working environment in terms of the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Ownership of knowledge and skills for their business contributes to the empowerment strategy.					
2	We can be teams of talented workers to increase innovations that contribute to delegation of authority to all administrative levels.					
3	Our organization's skills and knowledge contribute to being a leader in its field.					
4	The organization always strives to attract talented people with new ideas to be the most important inputs to the knowledge process.					
5	The leaders of my organization have the effect of creating knowledge in the light of opening channels of internal and external communication to share knowledge, skills and experiences in the work environment.					

3. Power

How well do you agree that the plant management works to support and strengthen the staff as part of its strategic decisions through the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	To provide a suitable environment for the nature of work and to provide tools of success from the means of assistance and attention to training in the work environment.					
2	Raising the spirit of cooperation between employees and emphasizing the spirit of the team and the unity of the goal and the importance of all roles, no matter how small contributes to the strength of workers to implement the requirements of work.					
3	Our organization works to support its employees and focuses on the philosophy that work is given as it takes and will not abandon them in crises.					
4	Employees feel that their efforts are					



	appreciated and that the place belongs to them as they belong to it and is a key role that the management is required to establish in the employees.					
5	Our organization works to provide the ideal work environment based on the sense of tranquility and belonging to the workplace among workers and comes from the regulations fair and clear and satisfactory to all, which increases the strength of work and cohesion of employees.					

B - Total Quality Management: Total Quality Management

It is measured in terms of the following sub-variables:

1. Customer Focus

How well do you agree that the senior management in the lab works on:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Has made outstanding efforts to adapt its performance to meet the expected customer needs as part of its total quality support programs.					
2	We are constantly working on some of the seminars and direct dialogues planned, as well as design referendums aiming to identify the views of customers about our products.					
3	The customer's happiness in order to be successful and its ally by understanding the requirements of the current and future customer.					
4	Attention to customs and traditions in order to maintain the current customer to increase the value of it and get new customers through which to provide a distinctive service for them.					
5	Flexible handling with the customer makes him sing and enjoy the experience and repeat his purchase as a result of his sense of quality of service provided to him.					

2. Leadership

How much do you agree that the management of the men's clothing factory has a strategy of quality in its working environment in terms of the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization supports and supports all administrative levels and supports them to improve the level of service provided by the lab to its customers.					
2	Our organization encourages employees to achieve the desired goals and their continued participation by giving them sufficient authority to carry out the tasks entrusted to them.					
3	Our organization enjoys a participatory leadership style, democracy, transparency, decentralization, community participation and support from international and local					



	organizations for their product development.					
4	The administrative leadership in our organization is chosen according to the correct scientific bases, because it believes that the administrative leadership represents the core of the application of the total quality and the main engine of success.					
5	Our organization works to prevent overlapping of competencies, streamline procedures and develop sophisticated regulations that are consistent with the application of quality management system, the needs and demands of individuals, and review of supervision and control levels to increase efficiency and effectiveness.					

3. Continuous Improvement

How well do you agree that the plant management is working on adopting continuous improvement programs in its strategic decisions through the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization has a philosophy of commitment to making improvements, minimizing differences in the work environment and achieving customer satisfaction.					
2	Our organization has sufficient understanding of the flow of operations, prevention of bottlenecks, and reduction of time and effort wasted, which reinforces the fundamental principles of TQM.					
3	Our organization believes that all personnel working at different levels and departments must be involved in the process of continuous improvement and harness their knowledge and skills to improve processes.					
4	Our organization believes in the principle of continuous improvement because it is able to allocate financial and human resources to improve quality.					
5	Our organization requires TQM planners to build a clear selection criteria for processes that are strongly related to internal and external customer satisfaction indicators.					

4. Employee participation

How much do you agree that the plant management depends on the principle of participation of workers in the organizational work environment in terms of the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization believes that staff participation is to convince every member of the organization to take its role in TQM.					
2	Employee participation, through ongoing learning and training programs, contributes to bridging the knowledge gap in the work environment.					
3	The development of new learning					



	methods and the development of competence for workers increases the worker's attachment to his work to enhance the quality of work from a comprehensive perspective.					
4	Our organization encourages employees to participate in decisions that contribute to the continuous improvement of quality.					
5	Our organization believes in the principle of involving employees in quality improvement activities through teamwork and taking their suggestions to achieve the desired goals.					

5. Fact based management

How well do you agree that the senior management in the factory is committed to:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization is making decisions based on facts rather than feelings.					
2	With leadership and excellence you can reach the goal.					
3	Our organization makes effective decisions based on analysis of work environment data and information.					
4	Our management reinforces the love of creative performance in business as a fundamental fact of quality of service.					
5	Our organization believes in the accuracy and accuracy of information data in order to make total quality decisions based on the results of the analysis.					

6. Process Management

How much do you agree that the management of the men's clothing factory has a strategy of quality in its working environment in terms of the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization is very interested in the efficiency and efficiency of the design processes of the products it offers in the market.					
2	The senior management interest in the factory in the utmost efforts to meet the needs of customers.					
3	Our organization always strives to be a leader in its business by generating increased value for its customers.					
4	Our organization is always interested in knowledge processes and new ideas to be the most important input of the organizational process in all its fields.					
5	Our organization is working on all internal processes to meet the needs of current and prospective consumers.					

7. Strategic Management

How well do you agree that the plant management is working on strategic planning in its strategic decisions through the following indicators:



No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our organization analyzes objectives, analyzes elements of strengths, weaknesses, threats and opportunities and links all administrative processes to the organization, according to an operational time plan.					
2	Our organization believes that strategic planning is imperative to produce comprehensive quality outputs and to bring about planned change in the organization's culture and strategic mind.					
3	Our organization works according to the philosophy of Total Quality Management (TQM), which focuses on strategies to meet the growing needs and desires of customers.					
4	Our organization focuses on the need to integrate activities and functions within the organization in an integrated strategic perspective.					
5	Total quality comes at the forefront of our organization's vital strategic interests.					

8. Supplier Involvement

How much do you agree that the plant management works on the participation of suppliers in terms of the following indicators:

No	Items	Not quite agree	I do not agree	neutral	Agreed	Totally agree
1	Our Organization is keen to have a close relationship with its suppliers and to build on the relationship of mutual trust.					
2	Our organization believes that the supplier is responsible for monitoring the quality of the materials purchased or sold by the supplier.					
3	Our organization emphasizes the need to exchange information with suppliers about product development in line with customer needs					
4	Our organization believes that focusing on customer interest is the primary objective of both the organization and the supplier.					
5	Our organization does not operate independently of its customers and suppliers, so each team is one in a single boat, to ensure continuity, growth and success.					



*The Role of strategic innovation in achieving
Organizational differentiation*

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Abstract

The purpose of this study is to explore the relationship between the strategic innovation and the organizational differentiation. the main goal of this study is to find out if the strategic innovation has a direct effect on the Iraqi institutions (Hospitals / in Babylon government) based on the actual problems which directly effect on the organizations environment competent In the presentation services and identification.

the Problem study with questions the important(questions): what is the role of the strategic innovation for achieving the organizational differentiation for the employees in the hospitals under research? the results of this study has shown that the essential technology, alignment the strategic, development a new services, disciplined (accurate) implementation, have a direct effect on the differentiation organization through coordinated role for the organizational developments , consequently this study intends to reduce the levels by the point of view of the that work on the organizational structure .

Keywords: Strategic innovation, organizational differentiation, core technology, strategic alignment, development of new services, disciplined implementation.

Introduction

The environment of globalization era includes positive and negative affects on the developments and innovations of the public and private organizations, environments factors (elements) which include social, educational and economic changes. those changes affect the feature of the performance of the organizations, especially, the large organization that present informatics ideas and technologic developments in the exterior and interior environment and the management skills and connections between the employees with other organizations for the sake of achieving successful performance of the employees and to get rid of the negative sides that reduce successful and development the organizations.



The modern works environment confirms increasing the request on the markets and improving the products and the services and knowledge need with new skills as well the creations and innovations of the employees. all these elements contributed in increasing the importance of how the employees behave in the organization. the globalization and the customers requirement need new technology to be presented by the organizations in order to improving the economic growth of the organization which to create continual innovation by dependable methods for the production procedures and the services of the organization, consolidating the concentrated reactions, knowledge and information exchange, developing labor activities, build a cooperative nets with global groups, supporting employees training.

This study deals with determining the importance of the strategic innovation in the organization and reflect on the organization environment in the Iraqi society for the health field to develop and innovate new treatment methods for the sake of reducing time and efforts and this is so important for the medical field- active hospital- and it is the first active step to raise the medical level in Iraq.

LITERATURE REVIEW1 .

Questions innovation changeable everything is being more useful the future organizations It must on the administration thinking new to create values and change in with ideas

organizations to achieve sustainability,(ratiba,2015: 2). Through the advanced at above clarify the concept of strategic innovation and more accurately presented by the researcher aset of definitions in the table(1) definition of strategic innovation from the point of view writers and researchers.

researcher present a collection of definitions as shown in Table(2) below definition of the Strategic Innovation according to writers and researchers in table(1) below:

Author	Definition
(Ngweshi,2016:8)	step or group of plans strategic expressed way of thinking planning Strategic investigation Strategic innovation of the organization through increased competitive pressures requires customer service new and select needs and find ways new game competitive for organizations to acquire and maintain a competitive advantage .
(Gholamreza,2014 :3)	process innovation as extreme, gradually, new completely , improving technology it can be innovation is a heterogeneous building on the standards (technology concentration and regulation relations of foreign, radical or gradual variation transfer resources technology developing business models new.



(Katrin,2011: 1)	aims to discovery and meet needs customers with solutions technology novel and have a decisive position to extort organizations the performance steady , Knowledge and interpretation heterogeneity in strategies through organizations and the extent of impact higher management .
(Lucio&Alfredo,2012: 3)	development process products and services new through business strategy carried out by the organization focus on organizational organizations formation and follow-up business vision to make the organization sustainable towards the future.

through the above in the above clarify the definition of strategic innovation represents all definitions, create stuff new and achieve a product with a new idea in the market among products and services , maintain on feature competitiveness the organization. it must be

define definition Strategic innovation on strategic creativity thinking, the new stuff will be creativity operation fantasy has not been all employees or creative organizations innovative from during complete achieve strategic innovation.

The Importance's of strategic Innovation:2 .

The strategic innovation is one of most important objects for success and develop, the organizations in different levels. there is a an innovation in the past time with great importance for the investment, research and develop are to make futuristic growth base and ability for competition. (Paulo,2012:2) the products and services and supporting a wide community and political benefits, strategic innovation is considered one of the most important elements for the strategic field and, the infrastructure, develop the operating capital especially for the .(Kathryne,2017, 29).services organizations and increase its ability, with the same organizational levels and responding for competitive strength for the sake of getting intellectual abstract .the facility of developing the innovation contributes to create a work opportunity. (Mr Kathrt , 2017) argues that the determination of the work field (zone) is necessary to achieve successful innovational in the organization and interesting the long-term practical results. (Urbancova,2013:9). the individual has an important role in the organization as well as supporting the higher administration in the organization for finding a creative team that represents an important point about the main employees in the (Anthony,2013:4)organization and to concentrate on that team for developing their skills, innovation with wide effect in the whole organization conceder as a base of other innovations that support innovated education in the organization and implementing the innovation with the other employees . It is a feature that direct the organization towards success.



3. Dimensions of strategic innovation

Davila et al and ngweshi determine the dimensions of the strategic innovation. (Derrick, 2002, 18). they confirmed the structure of the organization, knowledge and the feature of the organization and determine the innovations. (Negweshi, 2016) refer to systemized structure design for the organizations that reflect education and ability of the organization, employees efficiency and consolidate skills and ability of the organization. that is what determines the effect of the innovation in the organization and reflect its effect to the external environment. (Davila et al 2002-2017).

3.1 – Essential technology : point out that the extension of organization work field through the skills and experiences that urge employees in, the organization by essential technicals technological by important methods especially for achieving by , methods , procedures, new knowledge by saving informations (data) the ability of (Juan & Gerardo ,2016:4) the organization being measurable and avoid waste the resources , power, efforts, money, time when implementing works or achieving result and the act of work properly and successfully. (Lloan,2017:2) . many of elements that affect the organizations works especially the innovated organization with important technology to the public or private organizations essential element by extension work field and the other organizations works. (Juan and Gerrard 2016:4)

3.2 – Strategic alignment: build and support the employees inside the (Amanda,2014) organization and among other organizations the (Hassan,2011:3) strategic alignment is to integration (collect) each organizational element from the organization goals, strategic view and operations plan, making a decisions day by day, systemization the (Sylvie,2016:10) performance of the employees, facilities the work monitoring continuity, check and completion the strategic, making an organized environment with continues changes). (Henrik,2017:4).

3.3 – Develop new services : each of the popular or private services organizations or production organizations are needed to reflected present new services by trusted methods and it must be reflect by its sides the implement, depth of effective, efficiency of the organization and confirmation on points such as satisfaction, loyalty, the relation with the costumers. (Davila,2002:17). the organizations had planned improving its innovation by the employment and the benefit from, the costumer features and their requirements and solutions that lead to more active organizations. customers subscribe in different stages of the products. it is named as –thinking stage- the purpose of the organization to reach to its goals , (woojung, 2016:5).



3.4 – Disciplined implementation :(Lise,2014:5) had confirmed on highly accurate of implementing health decisions that will be reflected on the results of the organizations works by assessment the depth of implementing the decisions and using (Andrew,2014:4) the practical growth experiences, a matter that will refer to the accuracy of implementing the decisions and the procedures in the organization, also it will refer to the executive manager or a responsible side of implementing those decisions which came from high administration or taking part in making the decisions from other side in order to implement a suitable decision for (Derrick,2006:6) the organization. there is an innovated implementing programs, even the implement will be done by enthusiastic group. Plan development to implement the resolution required.

The concept of organizational differentiation:4 .

The researcher present a collection of definitions as shown in Table(2) below definition of the organizational differentiation according to writers and researchers.

Author	Definition
(Thurston,2016: 24)	It is a collection of variety activities in different types as (technical, modern and innovated methods, work quality, renewable resources, qualified employees with high skills , flexible organizational structures, skills and knowledge, continues training programs, logistic portions, strength competitions between competitors) all these issue makes the organization a special in its field.
(Adri,2010: 4)	the organization confirmations on its policies to put differentiation strategic and offer variety products and services and to less from the cost, therefore the costumer will feel they bought a special product and reach to their satisfactions.
(Leo,2008: 2)	General tactic to work on two groups of different changes, overlapping variable that named as commitment and a collection of final changes that named as results, which mean to guarantee the implementation of the strategic plan and its formation according to activity type of the organization and designed to increasing marketing value and achieving by reaction between two groups from changes and that add a value to the community .
(Justin,2017:6)	organizational differentiation considered as a modern paper chain and many philosophers who call it (organizational account) the organization act can be distinguished from its resources, employees and the organizational administration to achieve its goals .

can definition of organizational differentiation ,through organizational Excellence differentiation , han makes organizations that facing the competition Local and international global, and shifts customers' requests through flexibility Products services and promotion competitive situation for the survival of the organization on put future between organizations.



5.The Importance of differentiation organization:

concentrate on organizational differentiation and consider it a main source that determines organized form for the organization and make it special comparable with , (Zehra,2016:1) the other organizations .the importance of organizational differentiation depends on the organization ability on continued develop for the plans and making changes strategic such a way will en(Urbancova,2013:9)able the organization from reaching to perfect production and control the problems before it happen .The organizational differentiation has great role to the organizations by interesting in the systemizing and the technical requirement inside the organization , and compare between organized systems and the sides of the infrastructure , and make procedures to less the risk that related operations productions and, (Paulo,2012:2) the services, apply the knowledge on the resources, less the requirements of the customer union, safe the important material such the drugs by delivering it on time and expectations and adjectives the investment and the role of, (Anthony,2013:4)the organizations, develop the human been resources, domination the global markets, interest requirement especially for the traditional organizations , control the competitions, haring a new employees with plan for improving skills, check the connections between the administration of the human been recourses with the personality ability , suitable person for suitable job. (Kathryen,2017, 29).The Dimensions of organizational differentiation Prepare threads select dimensions and variables organizational differentiation, From threads, which to her importance big most researchers focus on dimensions which help In determining organizations, and knowledge of business In the picture the real in the mode Organization of the Organization, it was agreed all from(Fred, 2012), (Diana, 2015),(Aage, 2014) on the organizational dimensions of differentiation as follows:

5.1– Differentiation services of the organizations: (Andrea,2014:5) refer to: every organization has an ambition for prosperity its services and products and be the best comparison to other organizations , organizational differentiation services from the rest of organization to make more attractive for. (Joy,2013:2)the costumers in the targeted external environment and that will concede as analysis differentiation of the competition between the products and services, the level of differentiation of the organization depend on its products and services by administrator positions for the organization. (Ichiro,2016: 1) the costumer distinguish the organization by presented productions and services, organization need an experiences in production procedures to be a strong organization and as famous trade mark have a big role in successful of(



Funmilola,2015:7) the organization and the director of the organization must be special in (market portion, tactic leader, performance) .

5.2 – The Dimension of organization skills: (Sitthisomjint,2014:2)the organizational ability of the organization is concerned with the employees and organization that include (communications skills, trebles solutions, cooperative work skills, in formations management, innovation development , leading skills, morality, professional) to consolidating (vesna,2011:11) the coordinating inside the organization, match all the organization department to make coordinate the organization plans and what it present products and services, each organization needs to employees development and consolidate their skills properly according .(David& Robert,2011:9) the global community , developing the employees reaction skills require communications to apply their skills consequently reflect the general success of the organization, professional skills to collect and save information and develop services to reach its customer satisfaction. (Harold ,2016:9).

5.3 – flexibility Mobility employees: (Miles.2011:5) methods and the ways for the organization and completely depend on it to direct its mission in logic operation, employees transmits between the managements and organizational levels. (Basheer,2011:2) and including different sides (getting knowledge, experiences, increasing skills, promotions, less routine harness) that's what make coordination between the administrating methods . (Carol,2016: 1)

5.4 – Relationship with Stakeholders :the relation with the Beneficiary : mentioned that there must be an external and internal relations for the organizations , one of the challenges for the organization internal relation includes strategic plan to manage and direct the external relations for serving customers, general relations was build on the organization thought to distinguish the trade mark of the organization that represent the image of the organization. external relation for the organization with other organization that creates a future challenges to the organization then communication, and connection with the environment changes and concentrate on costumers services to have a reaction levels between the members of the organization with exporters and costumers. (Mary,2013:2)

6.Methodology

6.1- the problem:

According to the environment of the work organizations requires a global technology by strategic by the organization itself and it will be a strict condition for growth and interest for the organizations, what



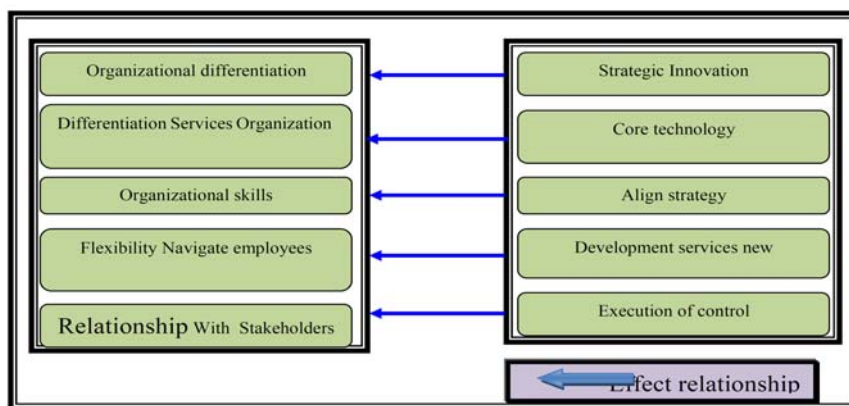
concern about. (Zulhamri,2011:2) the general and private organizations are working increasingly for competitive the markets, innovation is an important element to a achieve the continues successful and it is essential part of the organizations ,this study proved the ability of the strategic innovation. (Ronald,2015:2) as well as the achievement of the organization conceder as necessary assessment to its innovation and its ability to create the innovation inside the organization among the employees and outside the organization being as indicators for the activity and will be reflected by production and the deal to know the act of the plan that will achieve the knowledge of using the organizations operation and its strategic. There is many questions for study regarding what was explained in the problem of the study: (David:2009)

- 1– what is the nature of the relation between the strategic innovation and the organizational differentiation?
- 2– Do you that understanding the sample searched importance of strategic innovation to reach to me best service introduction babil province community?

6.2-Importance:

The importance is represented in applying the study on the employees (administrator crew and their mission in the hospitals in Iraq especially babylon hospitals (hilla general education hospital and imam hospital sadiq) study the effect of study changes in the environment of the Iraqi organizations from strategic innovation and the organizational differentiation, the benefit of the this study is determine the feature and the strength of the correlation of the studys changes which was applied in the environment of the Iraqi organizations, as a benefit from this studies is to develop organizations especially the Iraqi services organizations in the future researches and studies specialist in this field.

Objective of the study stimulate organizations on the application of strategic innovation (James & Mutua,2013:20). the researcher has designed a plan for study ; this plan shows the type of relation between the basic changes, the strategic innovation as a independent change and represented in four dimensions (substantial technology, strategic alignment, develop organizations services, accurate impalement), the variable approved organizational differentiation represented by dimensions the four(organizational differentiation by services, organizational skills, mobility of staff, relationship between stakeholders).



Figure(1) hypothetical model of study.

6.3- Hypothesis

According to the hypothesis shape no 1, the hypotheses will be formed to achieve the study goals and to clear the hypothesis that determine the relations feature between the changes of the study. It is as setas follows:

H: There is a relationship engagement between with significant significance strategic innovate in the organizational differentiation . there are four branches of this hypothesis , they are as follows :

H1: There is a significant correlation between for core technologies and organizational differentiation at the macro level .

H2: There is a significant correlation relationship between alignment of strategy and organizational differentiation at the macro level.

H3: There is a significant correlation relationship between the development of new services and organizational differentiation at the macro level.

H4: There is a significant correlation between implementation of discipline and organizational differentiation at the macro level.

6.4 Characteristics sample studying:

includes a sample studying determination sample size of society the sample was selected simple randomization of people the society collected data through the use of questionnaire the sample of the community was taken hilla general education hospital (290), and the second community sample imam sadiq hospital (200) number of resolution valid for statistical analysis (295).

6.5 Measurements of Study

adopted researcher on the scale of the five-liqueur (Five-Point Likert) the gradient totally agree, agreed, neutral, do not agree, do not agree at all) it was choose the metric (Ahlam & Sherwan ,2016) ,to



measure the variables of the current study, the dimensions of strategic innovation were measured in four dimensions, (core technology, alignment of strategy, development of new services, disciplined implementation) number of paragraphs 20 paragraph, (organizational differentiation, organizational skills, mobility of staff, relationship with stakeholders). the number of paragraphs (20) paragraph.

6.7. Methods and steps of statistical analysis

use statistical methods for the program (spss), through descriptive statistics methods and meta-analysis (arithmetic mean, percentages, standard deviation, relative importance, coefficient of variation, Pearson correlation coefficient, simple regression coefficient).

7. Results influence relationships between study variables

cone ,daring the relations of correlation between the study changes were detected, and discovered four (4) relations with positive and acceptable statistical implications, but the research did not detect the effect of those four relations, in this study the results and analysis of the relations effect between the study changes according to the main effect hypothesis (there is an effect with positive statistical implication for the strategic innovation in the organizational differentiation on the general level) the branch hypothesis will be tested depending on the study's charts .

1- Results relationship influence test main hypothesis. 7

Table (3) shows the results of testing the effective relations between the strategic innovation and the organization differentiation according to results of determination the simple regression, supposing a functional relation between the real value of the strategic innovation (X) and the organizational differentiation (Y) , we can represent it by the next equation as the following.

$$Y = a + B X$$

y= Organizational differentiation

X=Strategic Innovation

B) = Equation (amount change in y that occurs as a result change x unit

a = Statistic constant

This equation shows that the organizational differentiation is a function of the real value of the strategic innovation, the estimates of this equation and its statistical implication calculated on(295) samples, the equation of simple curve was for the relation between the variability of



strategic innovation and the organizational differentiation as the following:

- **organizational Differentiation = (1.562) + (0.65) Strategic Innovation variance 7.2**

analysis (ANOVH) variables analyzed results in Table (3).

Table (3) analysis(ANOVA) relationship between strategic innovation &organizational differentiation.

Moral level	value F Calculated	F Table	R^2	Average squares	Total squares	Degree freedom	Source contrast
0.000	213.243	6.63	0.42	34.690	34.690	1	Regression
		3.32		.163	47.664	293	Error
					82.354	294	Total

Table (4) results relationship test affect strategic innovation in organizational differentiation.

Level Statistical	T	transactions Standard	Transactions Non-standard		Sample
		Beta	Error Standard	coefficient Beta	
.000	9.356	.65	.167	1.562	Hard
.000	14.603		.043	.629	Strategic Innovation

from variance analysis chart and the chart of factors for the relation between strategic innovation (X) and the organization variance depends on the sample of the study (295 individuals) the value of (t) is big when compare it tabular value (1.658) for statistical level (0.05)with,Degree. freedom (1,293) and that prove that regression curve is enough to describe the relation between (X & Y) at confident level (0.95) and that what was confirmed by the statistical value of (X) according to (t) tests which it is (t = 14.603).

Regarding regression equation, the constant refers to (a= 1.562) and that means the value of the organizational differentiation equal to (1.562) when the value of the strategic innovation equal to zero. The value of the margin inclination is (B=0.65) accompanying to (X) and this means that every change is equal to (1) in the strategic innovation (X) will lead a change equal to (0.65) in the organizational differentiation. as well the coefficient determination (R2) refers to a factor equal to (0.42) which mean the strategic innovation(X) equal to (0.42) from the organizational differentiation variance, (0.58) from unexplained variance back to uncounted changes in the regression form and it is acceptable detector in comparing the calculated (f) value (213.245) and will figure out it is bigger than its value in the chart which equal to (3.91) in limit



confident of (0.05), regarding those results this hypothesis will be accepted.

2. After testing the main effective hypothesis, the researcher should test the depth of strategic innovation in the organizational differentiation. According to this hypothesis the multi regression equation of the strategic innovation variables (X1, X2, X3, X4...) in the organizational differentiation (Y) by the following multi regression equation :

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Equivalent multiple regression the relationship between strategic innovation (X) and organizational differentiation are:

organizational differentiation = (1.1561) + (0.25) Core technology + (0.19) alignment strategy + (0.22) development new services + (0.16) disciplined implementation .

in the light of this analysis ,it is seen that these valet are clearly shown in table (5).

Table (5) Analysis relationship between strategic innovation and organizational differentiation.

level Statistics	value F Calculated	R^2	Average squares	Total squares	Degree freedom	Source Contrast
0.000	53.104	0.42	8.705	34.818	4	Regression
			.164	47.536	290	Error
				82.354	294	Total

Table (6) results exam relationship between dimensions strategic innovation and organizational differentiation.

Sample	Transactions Non-standard		transactions Standard	T	level Statistical
	coefficient Beta	Error Standard	Beta		
Fixed	1.561	.169		9.210	.000
Core technology	.186	.049	.25	3.794	.000
Alignment Strategic	.143	.053	.19	2.694	.007
Development services new	.174	.043	.22	4.026	.000
implementation Disciplined	.125	.043	.16	2.905	.004

table (6) analysis from chart No 6 analysis of the variables and the factors table of the relation between variables of the strategic innovations (X1, X2, X3, X4...) and organization differentiation depending on number of the sample of the study (295 individuals), the (f) value is big compared it with its value in the table (chart) (1,00) in a level of statistical (0.05) two freedom degrees (4.290) and this prove that the regression curve is enough to describe the relation between (X,Y) in confident level (0.95) and that was confirmed by the statistical value of (X) according to (t) tests which calculated to the range (tx1=3.749, tx2=2.694, tx3=4.026,



$t_{x4}=2,905$) and when compare with table values (1.645) and this means that the calculated values of (t) are bigger than its values in the table for the essential technologies and efficiencies, strategic alignments and developing new services and accurate implement.

Depending on the regression equation, the detector refers to ($a=1.561$) and this mean there is a value for the organizational differentiation which equal to (1.561) when the value of the strategic innovation is zero.

The value of marginal inclination of the essential technologies and efficiencies it is ($B1= 0.25$) accompanying to ($X1$), which means every variability equal to (1) in the essential technologies and efficiencies ($X1$) will lead to a positive change equal to (0.25) in the organization differentiation.

The value of the marginal inclination of the strategic alignment reached to ($B2= 0.19$) accompanying to ($X2$) that's mean every variability equal to (1) in the strategic alignment ($X2$) will lead to a positive change equal to (0.19) in the organizational differentiation.

The value of the margin inclination for developing new services reached to ($B3=0.22$) accompanying to ($X3$) it refer to positive change equal to (0.22) in the organizational differentiation. The value of marginal inclination of the accurate implement reached to ($B4= 0.16$) accompanying to ($X4$) refer to every variability that equal to (1) in the accurate implement will lead to a positive change equal to (0.16) in the organizational differentiation. The value of determination factor (R^2) referred to a factor with value equal to (0.42) that means that the strategic innovation by its effect explain (0.42) from variance in the organizational differentiation, and (0.58) of unexplained variance back to variables unaccounted in the regression form and it is an acceptable detector according to (f) moral values that equal to (0.00), less than the moral value that was detected by the researcher which equal to (0.05).

On the basis the results are accepted everybody hypotheses subsidiary.

8.Conclusion:

conclusions which I arrived Study in view of results Which is as follows:

1. existence moral relationship between strategic innovation and organizational differentiation, the results are positive improve level Strategic Innovation reflected on a plus organizational differentiation and that the positive effect Strategic innovation encourages the management of organizations on innovation roads and styles modern.



2. appeared results existence relationship engagement between Strategic innovation and organizational differentiation and positive correlation encouraging organizations on application Innovative Plans Investigation Services distinguished between organizations and get on feature competitiveness sustainable development
3. interest hospitals searched competencies interior and have a role important for services introduction inside the hospital .
4. overcome hospitals on baffles organizational structure which talk at organizational structures before occur and makes hospitals investigation Competitive advantage and stay organizations ali constraint Life.
5. Labeled results interest hospitals application plan compatibility and cooperation between hospitals other.

9.Recommendations:

making recommendations distance access on results and conclusions must from installation recommendations based on to conclusions as follows:

- 1.from necessary all organizations need to me capabilities innovation whether she was organizations Productivity mother use techniques modern innovative through roads used and modern appliances to make organizations energy drive toward challenges environment rival from during what an offering of products and services Prepare the weapon to her before other organizations.
2. a plus confidence about method staff participation in making decisions and their readiness bearing the responsibility which increases in the implementation of decisions disciplined.
3. from the necessary all organizations embracing strategic innovations and attention with human capital from staff which is available they have capabilities and capabilities and mental thoughts incorporate strategic performance Promote customer confidence organizations distinguish products and services from other organizations.
- 4.interest country service side especially health organizations develop monitoring system follow up of all organizations the above services Promote side (health services) exclusively in our country (Iraq).



5. encouraging employees to achieve the purposes of differentiation through services Provided by methods modern in organizations where they work.

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Supplement((1) The names of the arbitrators .

T	The name	Degree cientific and competence	Location the work
1	Dr. Youssef Hell Al Taie	professor/ Operations and production management	University of Kufa /Faculty of Administration and Economics.
2	Dr. Leitch Ali Hakim	Professor/ Organizational theory and organizational behavior	University of Kufa /Faculty of Administration and Economics
3	Dr. Ali Razak al Abedi	Assistant Professor / human resources	University of Kufa /Faculty of Administration and Economics
4	Dr. Ammar Abdul Amir Zewen	Assistant Professor/ Quality Management	University of Kufa /Faculty of Administration and Economics
5	Dr. Abdelkrim hadi Saleh Shaaban	Professor / Operations Research	University of Kufa /Faculty of Administration and Economics
6	Dr. Denominator mohammed oppressed Anzi	Assistant Professor / Quality Management	University of Kufa /Faculty of Administration and Economics
7	Dr. Hamed generous shaalan Al Hadrawi	Assistant Professor / Information Systems	University of Kufa /Faculty of Administration and Economics
8	Dr. Full thanks Al Watifi	Professor / Human Resources	University of Babylon /Faculty of Administration and Economics
9	Dr. Zaynab Abdul Razzaq	Professor / Organization Management	University of Babylon /Faculty of Administration and Economics
10	Dr. Bashar abbas Al-Humeiri	Professor / Organization Management	University of Babylon /Faculty of Administration and Economics
11	Dr. Nayef ali Assi	Professor / Human Resource.	University of Babylon /Faculty of Administration and Economics

Supplement (2) final questionnaire:

Put(Right) on the score which express the extent of your agreement
with indicators the following:

variable	Dimension	Phrase	agree too	agree	neutral	not agree	er agree
Strategic Innovation	Core technology	1.Hospital capacity To improve internal efficiency through increased services for patients. 2. Put the hospital efficient performance standards change services according to patient needs. 3. Put the hospital Plans with modern technology in more ways the effectiveness to be Suitable for indoor and outdoor environment. 4. Seeking hospital to the existence of channels of interaction among staff to provide services And medical preparations based on modern methods and methods 5. the hospital care access to information through new ideas by using high techniques which contribute in increasing information raise staff efficiency.					



Organizational Services	Strategic alignment	<p>1. implement a hospital plan based on consensus and cooperation between other hospitals</p> <p>2. cooperation among staff achieving advanced work based on high confidence within the hospital.</p> <p>3.the strategic plan is consistent the hospital with advanced plan informative of during the realization of future purposes.</p> <p>4. give the hospital priority Staff cooperation to stimulate them to service performance to provide the best amenities for patients such as (tests, speed of presentation of patient file in case of entry)</p> <p>5. encourages hospital management on the culture of innovation and creativity staff new ideas inside the hospital.</p>					
	Development of new services	<p>1. Seeking hospital fast delivery of the best services for emergency situations.</p> <p>2.the hospital uses new ways to provide therapeutic services and have a reflection and impact on the reputation of the hospital.</p> <p>3.the hospital creates or plans a research center R & D does not usually consider its unwanted services.</p> <p>4. the hospital sets up a financial system to improve internal efficiency of cadres doctors, staff and workers.</p> <p>5. hospital management is interested in providing modern equipment Speed in completing medical examinations for patients such as ringing, excretion, echocardiography, radiation, device).</p>					
	Disciplined implementation	<p>1. continuing the hospital application of modern systems in its works through setting up a communication system in the computer among employees to create a successful executive context.</p> <p>2.used hospital Plans are flexible and the various rules of continuity in the implementation of disciplined decisions.</p> <p>3. the strength of the hospital and its energy overcomes at regulatory barriers making the hospital stay alive.</p> <p>4. staff at the hospital are skilled "actual" realism and idealism and be proficient in the performance of their functions.</p> <p>5. the hospital draws new touches through innovative ideas among staff and their contributions to the successful implementation of decisions.</p>					
	Organization differentiation	<p>1.the hospital's ability to deliver services is distinct from its competitors</p> <p>2.h hospital services are unique and reflect their impact on patient satisfaction.</p> <p>3.the staff are extremely knowledgeable and meticulous in following patient services.</p> <p>4.the hospital has the competitive advantage of providing the best treatment services to patients.</p> <p>5.the hospital relies on its strategic ideas to create the highest value for patients</p>					



Organizational skills	<p>1.to give the hospital difficulty in planning to do service work is not specified.</p> <p>2.the hospital is characterized by efficient organizational capabilities through innovative hospital staff and management.</p> <p>3.the hospital has effective strategies for controlling regulatory levels within the hospital.</p> <p>4.the hospital's interest in evaluating performance, changing organizational methods and methods increases hospital success.</p> <p>5. characterized by organizational structure the hospital has leadership and managerial skills to achieve the best and fastest services provided to patients.</p>					
Flexibility mobility employees	<p>1. transmission Staff members to train them on various work within the hospital.</p> <p>2. the hospital has specific regulations transmission employees between different departments to acquire knowledge or upgrade their business.</p> <p>3. h hospital staff are motivated on transmission among the sections to get rid of the routine work.</p> <p>4. transmission employees demonstrate their intellectual and creative motivation towards their service.</p> <p>5.g ranted transmission Inter-hospital staff to increase experience and co-operation to distribute therapeutic services as required.</p>					
Relationship With stakeholders	<p>1. hospital relationship with other hospitals contribute to the rapid delivery of treatment services to patients.</p> <p>2. existence of external relations (public) for the purpose of improving communication and communication with other hospital hospitals (Knowledge of the work system, equipment, medicines, patient cases).</p> <p>3.the hospital is not limited to limited hospitals but the existence of communication with different parties.</p> <p>4.the purpose of the public relations of the hospital is to gain new ideas and mission information especially if they are information about competitors.</p> <p>5.the hospital's interest in external relations is dominated by the external level and distinguished from its competitors in other hospitals.</p>					



Developing some Strategic Options to Remedy Organizational Derailment

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Abstract

The study deals with strategic options as an independent variable through the option of self-awareness, executive training, feedback, leadership training, and organizational derailment as a dependent variable through its interpersonal problems, difficulty in team leadership, difficulty of change or adaptation and failure to achieve objectives.

The study is to conduct in the Department of Health of Najaf. The study community consists of two hundred and thirty employees. The researcher relies on questionnaire form as a tool for data collection. Hundred and sixty questionnaires are distributed and hundred thirty three answers are retrieved for analysis. The sample in the population was represented by (58%). The research includes two hypotheses to test correlation and impact relationship. The statistical program (SPSS.V.20) is used to analyze the results, and the research comes to accept all hypotheses and concludes that the organization's awareness of the importance of strategic options and its role in remedy many negative situations have a clear effect in reducing negative derailment. However, not achieving the objective required by the organization investigated due to non-interaction with its external environment. The research also recommends the need to adopt clear and valid strategies for achieving the objectives set, and this is by moving away from the development of plans away from reality and the use of skills and capabilities with the potential to develop solutions and address causes.

Key words: strategic options, self-awareness, executive training, feedback, training on leadership and organizational derailment.

Introduction:

Strategic identification is the basis for interpreting the strategic behaviour embodied in the strategic option and its strategic implementation and control. The strategic option is a subject that is both wide-ranging and comprehensive. It is one of the cornerstones of its strategic process to assess and identify strategic elements in the area like opportunities and expected threats that reduce the organization ability to



benefit from these opportunities and balance them with the elements of internal strength and weakness, and thus address the negative situations that can occur within the organization, including exit from the track and thus achieve the goals. To fully understand the research, it will be divided into four sections. The first section is to show the methodology of the research. The second section will be devoted to the theoretical aspect of the research, while the third is to present the practical aspect of the research. The fourth section presents the conclusions and recommendations of the research.

Section One: Methodology of Research

The Problem

Today's working conditions are different than those in the past and the environment has become more complex and ambiguous, forcing many leaders to get out of the specified direction, a process that many organizations today are calling for, where the failure rate of leaders is estimated (30-50%), but most cases of organizational derailment are predictable, so it is necessary to continue to explore the causes of this concept (Sejeli & Mansor, 2015: 22).

A study of (Inyang, 2013:83) indicates researches that tackles the topic of leadership emphasized the positive aspects without focusing on its dark side, thus the derailment of the leadership involves in the case of organizational derailment wasn't comprehensively researched, despite the failure of organizations, scandals and bankruptcy in various organizations around the world and directly related to the derailment of leaders. The causes of this derailment identify, which attributed to the lack of skills and leadership competencies and requirements for functional responsibility. The study recommended remedy this derailment by relying on some strategic options, including executive training, leadership training, self-awareness and feedback methodology.

- 1-What are the intellectual and conceptual foundations of strategic options?
- 2- What are the intellectual and conceptual foundations of organizational derailment and its dimensions?
- 3- Is there a correlation between strategic options and organizational derailment?
- 4- Is there an impact of strategic options on organizational derailment?

The importance of research is after the formulation of the problem of research and its main questions, so we endeavor to mention the importance of research that stems from the importance of scientific and practical aspects. In the scientific side, the research will provide a summary about the most important ideas of researchers and the search



variables, strategic options and organizational derailment, taking into account the originality of sources and resiliency and search engines and its scientific journals. The practical aspect is reflected in the practical aspect of the research variables, in addition to making realistic recommendations for the sample of the study regarding their belief in the development of the strategic options of leaders and thus positively reflected in improving the overall performance of the organization and reducing the risk of organizational derailment.

Research Objectives:

After the formulation of the research problem and its scientific and practical importance, it is necessary to mention a set of objectives that it seeks to achieve after the completion. These objectives are as follows:

- 1-Identifying the intellectual and conceptual foundations of strategic options.
- 2-Identifying the intellectual and conceptual foundations of organizational derailment and its dimensions.
- 3-Testing the correlation between strategic options and organizational derailment.
- 4-Testing the relationship of the impact of strategic options in the organizational derailment.

Research Plan:

The research outline shows the group of logical relationships that can be in the form of quantity or way or combine both the main features of the reality that you are interested in. The research plan is to design as a default scheme by studying the relations identified by the problem of the study and its questions, which illustrates the research variables, strategic options and organizational derailment. ". In the light of the research problem and its objectives, the researcher develops a hypothetical diagram that shows correlation relationship and impact and its directions.

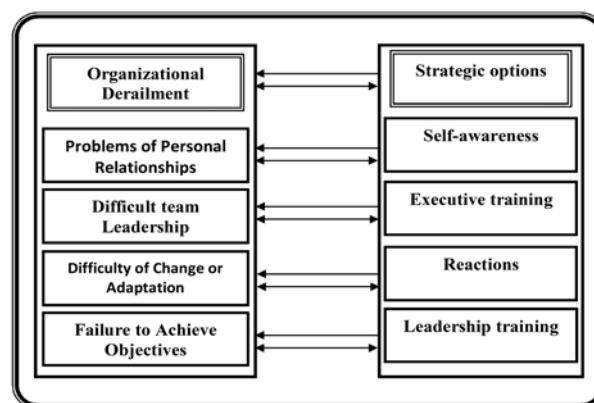


Figure (1) Hypothetical Diagram of Research



Research Hypotheses:

The first main hypothesis: There is a relationship of significant correlation between the strategic options and organizational derailment at the macro level. This hypothesis branch down into the following:

- a. There is a statistically significant correlation between self-awareness and organizational derailment.
- b-There is a statistically significant correlation between executive training and organizational derailment.
- c-There is a statistically significant correlation between the methodology of reactions and organizational derailment.
- d-There is a statistically significant correlation between leadership training and organizational derailment.

2-The second main hypothesis: There is an impact relationship of significant indication for the strategic options in the organizational derailment at the macro level. This hypothesis branch down into the following:

- a. There is a statistically significant impact relationship of self-awareness in organizational derailment.
- b. There is a statistically significant relationship of impact to the executive training in organizational derailment.
- c-There is a statistically significant impact correlation for the reaction methodology in the organizational derailment.
- d. There is a statistically significant impact relationship of leadership in training organizational derailment.

The Limits of Research: The research is based on spatial, temporal and human boundaries as shown below:

- 1-Spatial limits: The spatial boundaries of Najaf Health Department in Najaf Governorate.
- 2-Temporal limits: The temporal boundaries of the research ranged from 20/9/2017 to 15/1/2018.
- 3-Human limits: The human limits of the research is the administrative staff working in Najaf Health Department.

Data collection tools: The research uses data collection tools which are:

- 1-Various Scientific Sources:** The research relies on a collection of academic writings, research, theses and dissertations related to the research variables, as well as access to the internet is provided by



excellent sources used by the researcher to enrich the different aspects of the research.

2-Personal Interviews: The researcher conducts a series of personal interviews with the staff of Najaf Health Department in order to clarify the questionnaires and answer their personal questions.

3-Questionnaire: The research is based on the questionnaire form (45) items which covers the main and secondary research variables as a main data collection tool, which is distributed after being revised.

Eighth: Methods and Statistical Programs : In order to achieve the objectives of the study and analysis of data and test hypotheses, the research uses a number of statistical methods to analyze data , such as simple and multiple regression analysis, Morality test (T) and (F), SPSS v.20 program, Microsoft Office Excel 2010).

Ninth: The research population and its samples: The research community reached (230) employees. For the purpose of identifying the research population, a sample of (133) employees is selected.

Section Two: The theoretical aspect of the research

Independent Variable: Strategic Options

1-Concept of Strategic Options

The strategic option is the result of the process of interaction between decision-makers and the environment surrounding decision-making (Glueck ,1980 - 286), and has been identified by (Sawyer) as an alternative from set of alternatives that have been identified and evaluated, compared to each other and selected as the best and most appropriate in achieving the desired objectives. Thus, the strategic option is a process of aligning the strengths and weaknesses of the organization with opportunities that the organization can seize or the threats that must be avoided and in turn this is directly related to the process of selecting or defining the strategic alternative (McGlashan). Thus, the strategic option is the best alternative that achieves the mission and objectives of the organization in particular and the society in general, which in turn adopts a deliberate or chosen strategy from the point of view of beneficiaries and senior management (Ajam, 2007: 105). The strategic option is defined in terms of the strategic option and its role in the success of the strategic process, the more precise the strategic option is based on the criteria adopted by the decision-makers and those who are in the position of responsibility, the better results and the objectives achieved that all organizations try to reach. Some of the most important strategic options, that have been identified, that have a significant and effective role in achieving efficiency and skill among the leaders of the



organizations, and if these options that will be mentioned later, this leads the leaders to promote the clear and real performance in the organizations they work in and in various practical areas It made. Thus, it is possible to say that the most important options that leaders must have are the following: (Sejeli & Mansor, 2015: 22), the options according to classify (Inyang, 2013: 83)

1: Self-awareness

Self-awareness is a starting point for the beginning of the foundations of leadership and professional success. Self-awareness efforts create many opportunities for self-knowledge to gain more awareness and learn more from ourselves, accompanied by a sense of confidence and strong confidence. Therefore self-confidence must be linked to accurate self-assessment to be consistent with reality, not to grasp the correct skills and general abilities of the individual. Self-awareness is the first component of emotional intelligence. It means understanding people's deepest emotions, weaknesses, strengths, and needs in their daily lives, as well as being the engine, motivation, and advantage that they have. The people who enjoy it and those are strong and do not care about criticism and are not optimistic and honest with themselves and with others so they know how their feelings can affect in others and their performance also, so the person who is self-consciously regulates his or her time carefully and does his or her job well in advance (Qurna, 2013: 165). Through via self-awareness, these leaders can have the ability to understand the strengths, weaknesses and limitations and how to collect information and treat them and how to deal with the ambiguous and exhausting attitudes and how we view and interact with others. It is indispensable in leading organizations. Self-awareness is linked to the effectiveness and impact of management and leadership for two main reasons :

- a. Self-awareness is the basis for behaviours and skills such as goal setting, effective communication, listening, preparation, stress, and time management. Things are better for us in skills such as listening and stress management and our awareness and understanding of ourselves improves through these things or contents (Inyang, 2013: 65).
- b. A strong sense of favouritism and inclination to identify sources of conflict, to choose appropriate strategies, and to manage personal relationships and conflicts is essential. It is hard to be a good manager because you do not know the points of your strength or weakness and whether you need help or not. You do not know what are the most difficult situations for you. Effective managers are fully aware of their strengths. They use self-knowledge for motivation and persuasion, and are more likely to be successful in their work (Inyang, 2013: 65).



2: Executive Training

Most researchers believe that training is an essential part of the duty of businessmen who lead organizations and companies, especially in the field of business. Thus, it is expressed as a planned activity that aims at developing knowledge, abilities and psychological skills to change the behaviours of individuals and enable them to achieve the goals that the organization seeks. (Al-Rabeaa, 2014: 9). Effective training has been defined as a change in the individual's (trainee) behaviour. It is, therefore, the process of delivering new knowledge, abilities and skills that improve performance. In addition, it is an organized activity that has gained formal setting through courses and training courses held within the organization (Al-Hmery, 2008: 13). Training is of great importance in the process of success of the business and enables the leaders to perform their roles to the level that achieves the goals set, the training may be used as one of the important tools that help to achieve the effectiveness and achieve the desired goals of the Organization. The organizations, especially the economic ones or those seeking profit, have goals to reach. Experiences and expertise have proved that effective training is the main means to achieve those goals. Therefore, one of the successful means is the preparation of personnel. Training in reality cannot be for one time only if the management of the organization is to train all employees at a specific time, so it is completely wrong because this speed of training is not enough because changing conditions and circumstances which lead to change even in goals and objectives set (Al-Rabeaa, 2017: 15)

3. Methodology of Feedback

The system of reactions or what is called reverse feedback should be available in all management systems to achieve the wishes and achievements of the workers and their reactions to the performance in the organization, where most companies are to control the comprehensive resources and make important improvements to the principles of quality in the field of statistical control and focus on customer and continuous and working teams. Japanese adopted this concept at a time when the US gave it up. The Americans relied on quantitative management when the whole world was in need for the US products to be available in the markets. But America was not aware of the dangerous situation it was in. Japan was able to restore its shattered state and control a number of international markets, especially in the automotive and electronics industries. But America lost many of its markets and the policy adopted by the Japanese (feedback) was able to promote and recover economy and achieve total quality management (Gameel, 2016: 181).



The feedback is one of the key success factors that leads to the success of the company and is a key element in that it starts from control and returns to planning and can lead to different adjustments to change objectives and decision-making methods and change the system of rewards (Al-Saed, 2013: 68). It can be said that feedback is an element of management. It is information that carries specific messages and guidance from the concerned parties, showing them the mechanism of work in the system and its compatibility with the established achievements. Therefore, feedback works to link outputs, processes and inputs with each other (Al-Mousai , 2008 : 39).

4. Leadership Training

The term leadership refers to a social phenomenon that arises from the nature of human society. When there is a group that works to achieve common goals, there is a leadership that coordinates and organizes the efforts and activities of the members of this group to achieve those goals. (Abed , 2016: 318) Gary Yuke has spoken about this concept describing it as an impact on the process of setting goals as well as the extent of the group's adherence to them and unite with them and influence the culture of the organization in a clear way. Leadership is one of the most interesting topics for administrative thought .The concept of leadership can be defined as a set of features and skills characterized by the leader and the crisis to do leadership task. (Al-Nadawi , 2004: 24).

Some management researchers have pointed out that the traits that an individual enjoys within his or her group, which makes him or her a leader, (personal traits) are the ones that make the leadership and make that person able to lead the team skillfully. (Hashem , 2010: 112). In addition, it is the circumstances that creates leaders and make them prominent. Thus, Leadership is not only related to the personal qualities possessed by the leader, but there are relative characteristics and traits associated with a particular leadership situation or circumstance. Leadership is based on the characteristics of the workers in determining their appropriate leadership behaviour, where the main factor is the readiness, in which the workers differ (Nagem , 2011: 83). And by analyzing the process of interaction among the three axes of the process of leadership - the leader and subordinates and situations - in pursuit of the goals of the same leader and subordinates and administrative organization, (Al-Qahtani, 2001: 45). It is well known and obvious that the business environment is changing at an accelerated pace, leaving behind conditions that the individual is unable to solve, deal with or interact with. Here comes the role of leadership of the need to develop the skills of the leader in dealing with crises and how to solve problems in



creative ways, and avoid traditional ways of dealing with emergent situations.

Dependent Variable: Organizational Derailment

1. Organizational Derailment

The jurist (Hero) defines the organizational derailment as a defect committed by the administrative authority when it takes a decision that falls under its specialization, taking into account the form of the law and obeying literal laws for other purposes (Khafaji & Rakhas, 2014: 114) of those for which authority is granted. On the social side, derailment is defined as any behaviour that violates social norms and, if repeated with persistence, requires the intervention of social control devices (Al-Doree , 1991: 1). From the point of view of psychology, the personality of the individual plays an important role in the process of derailment, with the increased risk of extreme behaviours that occur when the leaders under pressure and a lot of previous studies in this area are related to the understanding of personality disorders such as (non-social personality in which people may show interest to feelings or narcissism where the individual reaches self-belief and self-respect to a dangerous point so that their assessment of situations is far from realistic and negatively affects others around them (Derailment'2010: 50).

Organizational derailment is defined as the tendency towards the straight line and in other words voluntary behaviour that violates the regulations and thus threatens the well-being of the organization or its members or both. (Halibi, 2003: 11) The organizational derailment is the troubled and dark road accompanied by fear. The one who follows derailment will be miserable and fatigues and tiredness. Organizational derailment is moving away from the track which may be associated with the absence of strict organizational behaviour or destructive organizational behaviour (Head, 2013: 2). Organizational derailment is defined as the situation in which a leader in an organization is perceived as qualified and able to assume that senior positions in the organization lead to a good end and thus do the opposite (Sejeli & Mansor, 2015: 10).

2. Dimensions of Organizational Derailment

Senior executives have indicated in their interviews and explanations why individuals are off track despite their ability to achieve the desired results. The results show that these reasons are due to administrative deficiencies. In diagnosing the "dark side" that misleads or justifies the manager's interpretation of certain behaviours, making him make decisions that are away from credibility (McCartney & Campbell, 2006:



17). He points to this concept by identifying the five dimensions mentioned below, which is one of the most important criteria defined for derailment depending on what it has been said, which can be clarified as follows: (Jubouri et al, 2017: 10)

A. Problems with Personal Relationships

Most of the problems that occur in companies, whether between managers and employees or among workers themselves, lead to the organizational isolation resulting from the authoritarian practices of managers, in terms of isolation of employees and arrogance in their behaviour, and excessive sensitivity to others, and to be away from the community, and being cautious and skeptical , and ignited. These characteristics or personality traits appear to be consistent with individuals who do not have good interpersonal relationships (Gentry et al., 2015: 35). It is the negative personality traits of the individual that contribute to the derailment of managers, which can be diagnosed by measuring the behavioural trends (such as being overly emotional and making them prone to derailment), and some negative personal traits such as arrogance that resulted from their belief to be able to know all solutions to all problems that surround the organization, so it is necessary to shed light on the negative personality traits and some characteristics that enable us to understand the roots of the derailment for managers .Some of the destructive characteristics of the manager's derailment, which would be part of the practices that failure managers used to . These practices are undesirable and affect the context of work and its results would be to the contrary to the desirable (McCartney & Gooding, 2013: 35).

B- Team Leading Difficulty

The manager fails to lead the staff effectively, as they are unable to build an effective team and not to build the team properly, and are unable to deal with conflicts that occur at work or within the team itself, as most of the problems originate from the team environment and for such a purpose leadership should be consistent with developments and events outside the team; moreover, leaders have a responsibility to interpret and identify events that surround their team environment. The difficulty of leading the team lies in the weakness of diagnosing the problems that can hinder the team's work, as well as its inability to harmonize with its team and to form an integrated and difficult team to develop appropriate solutions to the problems experienced by the team (Zaccaro et al., 2001: 50).



T. Difficulty to Change or Adapt

One of the important dimensions in the leadership process is the difficulty of adapting to the continuous developments and changes that occur, which requires adaptive function practiced by the same manager based on the adaptive leadership of the dynamics and desired conditions that help to create encouraging contexts through which to ensure not to deviate from the goals set. But if management lacks these characteristics, adaptation of new events will be very difficult. That is, the manager is unable to adapt to different events or the lack of appropriate character pattern, and the inability to grow and learn, develop, and a weakness in strategic thinking, which makes it difficult for the manager to adapt or change in flavour. (Bien & Marion, 2009)

C-Failure to Meet Business Objectives

Research is needed to examine the relationship between individual and management practices that a person performs, especially when considering the costs of career derailment. This is by training managers to make decisions based on factual and unambiguous information (Gentry et al., 2015). Failure to meet organizational goals is the result of over-ambitious, lack of follow-up or poor performance. (Zaccaro et al., 2001: 35), The inability of management to develop solutions commensurate with the magnitude of the problem that hinders the objectives of the work due to the weakness of the search for information that contributes to solving this problem and the lack of coordination in the management of the organization's resources. As well as poor management in the coordination of material resources. The use of information makes no use in solving problems that hinder the objective to be achieved.

Third Section: The Practical Aspect of Research

First: Testing the hypotheses of the correlation between the main and secondary research variables:

This part of the research deals with a statistical presentation through which the correlation between the study variables (Strategic options and organizational Derailment) is tested and analyzed according to the research plan and hypotheses. The hypotheses are as follows:

**Table (1) The correlation matrix for the main and sub-variables**

No.	Explanatory variables	Response variables									
		personal relationships problems		Team Leading difficulty		Difficulty in changing or adaptation		Failure to achieve objectives		Total Organizational Derailment	
		R	T	R	T	R	T	R	T	R	T
1	Self-awareness	-0.47	3.75	-0.51	2.67	-0.47	4.79	-0.43	3.62	-0.56	4.65
2	Executive training	-0.41	3.33	-0.42	3.45	-0.55	3.32	-0.40	4.67	-0.49	3.32
3	Feedback	-0.39	3.26	-0.38	2.78	-0.41	3.57	-0.36	3.45	-0.51	3.48
4	Leadership training	-0.48	3.94	-0.47	3.67	-0.37	3.48	-0.38	3.74	-0.56	3.45
5	Total strategic options	-0.63	3.48	-0.51	4.57	-0.57	3.89	-0.48	3.49	-0.52	3.66

n=133 Source: Prepared by researchers

1-The First Main Hypothesis: There is a significant correlation between the strategic options and organizational derailment at the macro level. The data of table (1) shows that there is a medium negative correlation between them (-0.52). The value of (T) calculated is greater than the tabular value of (1.65) and therefore this hypothesis is not rejected.

2-The First Sub-Hypothesis: There is a significant correlation between self-awareness and organizational derailment at the macro level. The data of table (1) shows that there is a medium negative correlation between them (-0.56). The value of (T) calculated is greater than its tabular value of (1.65) and, therefore, this hypothesis is not rejected.

3-The second sub-Hypothesis: There is a significant correlation between executive training and organizational derailment at the macro level. The data of table (1) shows that there is a medium negative correlation between them (-0.49). The calculated value of (T) is greater than the total value of (1.65). Therefore, this hypothesis is not rejected in this study.

4-The Third Sub-Hypothesis: There is a significant correlation relationship between the feedback and organizational derailment at the macro level. The data of table (1) shows that there is a medium negative correlation between them (-0.51). The value of (T) calculated is greater than the value of the table (1.65) and therefore, this sub-hypothesis is not rejected.

5-The Third Sub-Hypothesis: There is a significant correlation relationship between leadership training and organizational derailment at the macro level. The data of table (1) shows that there is a medium negative correlation between them (-0.56). The calculated value (T) is



greater than its scheduled value (1, 65) , therefore, this hypothesis is not rejected.

Second: Testing the Hypotheses of the Relations of Influence Between the Main and Secondary Research Variables:

It is clear from the second paragraph that there are significant negative correlations between variables. These relationships indicate that there is a correlation and these relations don't identify the amount of effect between the variables of the study. Therefore, the study hypothesizes that there is significant relations of influence between independent variable (strategic options) and the response variable of the study (Organizational Derailment). Therefore, one main hypothesis has been developed and is broken down into four hypotheses. All hypotheses will be tested, respectively, as they appear in the research plan.

Table (2) Relationship coefficients between strategic options and organizational derailment

Sample	(β) coefficient	B	(t)calculated	F Signification
Constant	3.43		9.45	0.012
Self-awareness	0.169	-0.266	3.12	0.023
Executive training	0.126	-0.275	4.86	0.001
Feedback	0.174	-0.374	4.85	0.013
Leadership Training	0.149	-0.344	6.27	0.004
Total strategic options	0.514	-0.492	6.37	0.004

n=133 Source: Prepared be researchers

1-The First Main Hypothesis: There is an impact of strategic options in the organizational derailment at the macro level. According to table (2), the value (X) according to test (T) whose calculated value on sample level is (6.37) and that is higher than its tabular value (1.65) In the light of the regression equation, the constant ($a = 3.43$) indicates that when the strategic options (X) are zero, the value of the organizational derailment (Y) = (3.43). The marginal slope value at the level of the study sample is ($\beta = 0.492$) The accompanying (X) indicates that a change of (1) in the strategic options leads to a negative change in the regulatory derailment by(0.492), so this hypothesis is not rejected.

2-The First Sub-hypothesis: There is the impact of partnership in self-awareness at the macro level. According to table (2) the significant value (X) and the test (T) the value of (T) calculated at the level of the study sample (3.12) which is higher than the table value (1.65). The marginal slope value at the sample of the study reaches ($\beta = -0.226$) and



accompanying (X1) indicates that a change of (1) in self-awareness leads to a negative change in the organizational derailment in the same amount, so this hypothesis is not rejected..

3-Sub-Hypothesis: There is the impact of partnership in executive training at the macro level. According to table (2), the value of (X) according to test (T). The value of (T). That is calculated at the level of the study sample (4.86) is greater than the table value (1.65). The marginal slope value at the sample of the study reached ($\beta = -0.275$) and accompanying (X2) indicates that a change of (1) in the executive training leads to a negative change in the organizational derailment in the same amount, so this hypothesis is not rejected.

3-Sub-Hypothesis: The impact of partnership in feedback at the macro level. According to table (2), the value of (t) calculated at the level of the study sample (4.85) was greater than the table value (1.65). The marginal slope value at the sample of the study reached ($\beta = 0.374$) and accompanying (X3) indicates that a change of (1) in the feedback leads to a negative change in the organizational derailment in the same amount, so this hypothesis is not rejected.

5-Sub-Hypothesis 4: The impact of partnership in leadership training is at the macro level. According to table (2), the value of (T) calculated at the level of the study sample (6.27) was greater than the table value (1.65). The marginal slope value at the sample of the study reached ($\beta = -0.344$) and accompanying (X4) indicates that a change of (1) in the leadership training leads to a negative change in the organizational derailment in the same amount, therefore, this hypothesis is not rejected.

Section Four: Conclusions and Recommendations

First: Conclusions

1-The organization's awareness of the importance of strategic options and its role in addressing many negative situations have had a clear effect in reducing negative derailment. However, not achieving the desired objective of the organization is due to its non-interaction with its external environment.

2-The ability of the managers of the organization to identify and diagnose negative situations and deal with difficult situations led to the reduction of problems that arise as a result of the manager's relations with subordinates as well as their attempt to address the conflict within the departments..

3-Identifying the importance of continuous training according to the actual need and programs developed shares the diagnosis of problems in a realistic manner, but the treatment is still below the required level..



4-Identifying and diagnosing the negative conditions of all the systems within the organization and creating a culture of reliance on feedback led to the diagnosis of the imbalance, but the justification for not making the necessary changes still exists, as well as the lack of strategic thinking to suit the current situation..

5-The continuous use of managers to the methodology of training to improve their leadership skills and address the lack of some citizens led to the recognition of the importance of open direction with the need to develop clear plans, but the application is still below the level of ambition.

2: Recommendations

It is necessary to adopt clear and sound strategies for how to achieve the objectives set, and this is by avoiding to develop unreal plans and the use of skills and capabilities with the potential to develop solutions and remedy the causes.

2- Managers, on all levels, must go through management courses specialized that highlight on the way managers deal with their employees to improve the relationship between the manager and employee, which is reflected positively on the mitigation of problems and reduce conflicts.

3-Inculcate the culture of change resistance to managers and employees to increase their ability to adapt to changing events, and this is done through the establishment of clear programs and intensive courses to propagate that culture.

4-Increase the focus on the importance of strategic thinking after reviewing the previous plans and waste in spending without achieving the desired goal, i.e., the listing of events and activities that were made without relying on systematic strategic thinking.

5-The need for openness of the senior management to develop the provision of health service in developed countries through the dispatch of the concerned personnel in accordance with programs designed for this purpose away from negative tendencies and trends.

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***Analysis of the Relationship Between Capital Structure
and the Market Value of the Shares***

Applied Study in the Iraqi Market for Securities

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Abstract

Businesses are facing major domestic and global challenges that reflect their impact on these companies by influencing their financial decisions. Accordingly, business behavior differs in choosing the financing method that will have a clear impact on their performance. This study is considered as a contribution to examine the impact of the financial decisions of the company's management on the structure of the capital structure by studying the relationship between changing the structure of capital and the market value of shares. The decision to finance the company is one of the most important financial decisions for companies. Contribution, since the concept of capital structure and its practical implications is very important for managers regardless of the area in which they work. The capital structure formula is the outcome of the interrelationship between the tax benefits that the entity obtains as a result of high debt volume and bankruptcy risk, which favors the use of financing by issuing shares and their impact on the profitability of the company.

The analysis of this relationship on a sample consists of (15) companies of the industrial sector listed in the Iraqi market for securities. Using statistical analysis to determine the correlation coefficient (R) to identify the type and degree of relationship between the two variables (capital structure) of the independent variable and the dependent variable (market value). The research concluded with a set of conclusions and recommendations. There are many factors effect of political, economic, securities conditions on the relation between capital structure and market value of stocks .

Introduction:

The interest in the capital structure is not recent, but rather since the interest in financing sources in various forms in terms of ownership and timing has begun. The capital structure has a clear impact on the activity and performance of the establishment as a whole. Therefore, decisions that work on the exact options of financing sources in terms of the cost of finance, The finance manager is required to do so, which falls within his



or her responsibilities. The finance mix affects the return and the risk. If debt financing involves the cost of interest, which increases with increasing debt and thus may increase risk, The capital structure is not fixed but changes annually by increasing internal finance by holding profits, which are rights to shareholders, but the management of companies is holding them to reinvest them rather than resort to borrowing. This means that the departments avoid debt for fear of the risks they may cause. In other cases, companies tend to finance by offering bonds in the financial market or bank loans. In either case, there is a cost to the companies for this financing. The change in the capital structure is supposed to reflect its impact on the profits of the company and thus increase the profits divided.

This is the result of the change in the capital structure and the impact of this change on stock market prices (market value). The research concluded a series of Conclusions and recommendations by selecting a sample of Iraqi industrial companies, studying their financial structures and their changes, and analyzing the relationship between the capital structure and the value of shares in the financial market.

First: Methodology of the study

1- The problem of the Study:

Studies have shown that there is a positive relationship between the risks and the expected returns. The company's dependence on external sources of financing leads to an increase in the risk of non-payment, which may expose the company to the risk of bankruptcy, but although high debt ratios increase the risk of investment, Provided a tax to the company and thus increase the profits and returns of the company and investors. In light of this, there are fundamental questions related to the problem of the study:

- 1-Is there a relationship between the debt ratio and the company's returns and the market value of the shares?
- 2-What is the extent of the indebtedness of the company on the market value of the shares?
- 3-The extent to which the investor can rely on stocks and securities on the size of the sources of external financing of the total capital structure as an indicator of the risk of investment in securities?

2-Objective of the Study

The study seeks to achieve the following objectives:

- a. Knowledge contribution in financial thought.
- b. knowledge of the funding mix adopted by the departments of the companies sample research.



c. Analysis of the relationship between the financing mix of the capital structure and the market value of the shares.

3 - The Importance of the Study:

The importance of the study is highlighted by focusing on the study and analysis of the factors influencing the determination of the capital structure of companies belonging to the industrial sector listed in the financial markets. In this research, the market value of the ordinary share, which affects the future and performance of the company, which may help both the investor and any other parties involved in reading and analyzing the reality of the company to help make the appropriate decisions.

3- The Hypothesis of the Study:

Based on the study problem, the following hypothesis can be formulated:

"There is a statistically significant relationship between changing capital structure and market capitalization."

4- Population and Research Sample:

The research community consists of the companies participating in the industrial sector listed in the Iraqi market for securities. The sample of the study consists of the number of companies (15) companies. As in Table 1.

Table (1) shows the companies surveyed

seriatim	Company
1	AL-Mansour for pharmaceutical industries
2	Iraqi for carpets & furnishings
3	Baghdad for soft drinks
4	Baghdad for packaging materials
5	Industries crescent
6	Light industries
7	Modern chemical industries
8	National chemical & plastic industries
9	Electronic industries
10	Canadian veterinary vaccines
11	Falluja for production of construction materials
12	AL-Khazer building materials
13	Modern dyes industries
14	National metal industries & bicycles
15	Production of ready-made garments



Second: The Capital Structure and the Market Value of the Shares:

1. The Capital Structure

The financing mix is defined as the sum of money through which the company can finance its assets. This is on the left side of the balance sheet ie the liabilities and equity side, where financing includes the borrower as equity (James & Van Horne, 2002: 253).

The financial structure of business enterprises consists of long-term and short-term funding sources. The financial structure is called the financial structure. The focus of the research is on long-term financing sources called capital structure. This means that the capital structure is the total long-term financing sources that include (India, 2008: 527), i.e., the capital structure consists of two parts: the owner's property belongs to the owners, the paid up capital plus the retained earnings, which are realized profits from the operations of the entity and the second borrower - i.e., indebtedness to creditors and shown as loans Or bonds .(Ameri, 2010: 7-159). The following is an introduction to these components of the capital structure:

A- The Components of the Capital Structure

1. Capital Owned by Equity Capital

The capital is owned by the owners of capital at the time of subscription or when increasing capitalization, as the enterprises or companies at the start of the establishment to put shares to the public of the people for the purpose of subscription with the determination of a period of time is often 30 days and the end of the period is called the division of the grooms This division determines the share of each shareholder in the number of shares subscribed by the owner and depends on the amount paid for the purpose of subscription and the total amount provided by the underwriters, and gives a certificate of the number of shares and their nominal value, which is called ordinary property rights. (Du, & Dai, 2005, pp 60-71). Stocks can be classified into two categories:

1-1 Shares

1.1.1 Common Stocks:

These shares constitute the most important part of the ordinary property rights. The holders of these shares receive the dividend divided by the payment of the dues to the preferred shareholders, if any, and the management decides to distribute:

- 1 - Attend the annual meeting of the General Assembly and have the right to vote and to vote.



2- The right to profit as profit.

3-Transfer of ownership of the shares owned by the shareholder.

1.1.2. Preferred Stocks

These stocks are hybrid, meaning that these stocks have the characteristics of ownership on the one hand and the other side of indebtedness, i.e. bond-like, in terms of yield, a fixed return as a proportion of the premium share price. If the share price is 10 dinars and the dividend is set at 10%, this means that one dinar per year is the return of each share, and this is the company's obligation to pay the shareholder and in other cases it can accumulate in the case of non-profits so it accumulates to other years. The shareholders are the owners but do not have the franchise or vote.

2.1. Retaining Earning:

Retained earnings are part of the profits earned from operating and non-operating operations that are retained by the departments and not reinvested when the management of the company has a plan to expand its production capacity and increase production lines due to increased demand for the company's products. Instead of resorting to indebtedness, the departments decide to hold the profits and may be detained In other cases, profits can be fully distributed if the company is full and does not need to be held. But the retained earnings are profits attributable to the owners and the result of the need is held not reinvested.

2. Debt Capital:

Debt capital is the money owed to creditors or lenders, obtained from lenders, either for the purposes of investment expansions or for the payment of financial obligations to the company, acquired by the company because of the need for these loans in previous times and show these debts either in the form of bonds or in the form of loans and interest Agreed upon by the parties to be paid on an annual, semi-annual or quarterly basis. Debt is less expensive than capital and does not provide tax protection.

B-Factors Affecting the Capital Structure:

A decision related to the capital structure is a strategic decision that is of interest to the departments in the companies, because mistakes in such decisions will have significant consequences that may be difficult to counter the impact. Therefore, decision makers in the structure should take into consideration a range of factors In the capital structure and the most prominent of these factors are:



1. State Sales: Companies with stable sales that have access to borrowed finance are greater than those with volatile sales because stability generates trust among creditors. Companies in different sectors often have stable sales compared to non-sales. stable.

2. Assets Structure: The type of asset used by the company affects the issue of financing. Real estate companies have a high level, while companies that operate in a service activity, such as the scientific research activity, do not. The structure of assets in the industry also varies.

3. Operational Leverage - The low leverage is better for the company in terms of its desire to obtain borrowed funds, ie leverage, where business risk is reduced. The operational leverage means the volume of investment in fixed assets, such as high-tech and technologically advanced machinery and equipment, where the capital intensity is not very high.

4 - Growth Rate - The growth of companies in both sales and profits so the costs of indebtedness less than the cost of selling shares and therefore resort to financing debt, but when you feel uncertainty become less inclined to debt.

5. Profitability: Although religion has a special advantage in benefiting from the tax savings provided by debt, some companies with high profitability and return tend to finance internally any of the profits realized and do not tend to indebtedness and thus do not prepare companies with financial difficulties.

6. Taxation: The income of companies is subject to a tax rate determined by legal legislation according to each country. The tax is deducted after deducting the interest on the debt as a cost in the statement of income deducted before the tax exemption, and when the tax is higher the interest obtained by the companies becomes greater Religion has more advantage.

7.Control: When a decision is taken to finance the capital structure, the administration takes into consideration the issue of control, i.e., the use of high indebtedness that may be lost by control. In this case, it does not tend to be indebted, especially if it presents it with risk, i.e., the administration wants to continue to control and control the company Without a threat to such control.

8. Attitude of Management: Some tend to use debt at low rates and in return there are companies that use their departments high debt and both trends related to the prices of shares of companies involved in the financial markets.

9. Attitudes and levels of agencies and lenders Attitude & levels of Agencies & loaners: In many cases, a discussion takes place between the departments and the specialized agencies to establish estimates and levels of the financial structures of the companies. In the light of these competitions, appropriate decisions are made in the light of the advice



and advice agreed upon. These estimates are important in expressing the state of the company. (Brigham & Houston, 2009).

C. The Theories of the Financing Structure:

Identifying the optimal mix of capital structure from internal and external sources of finance can maximize or destroy the wealth of owners over a period of time. A large reliance on equity may leave the establishment without surpluses, and expansion of borrowing may lead to pressure. On the enterprise largely through increased costs and higher indebtedness (Riddiough, 2004, pp. 3-13). There are several theories focused on the study and analysis of the relationship between the structure of capital and the value of the establishment, and the other confirmed the existence of this relationship between the two variables:

1-Theory of Extending Modigliani and Miller:

This study emerged in 1958, where the value of the establishment was determined by the size of the assets of the establishment and there is no effect of indebtedness on the value of the establishment or the cost of financing it. These ideas were built on a set of assumptions, which are unrealistic. The most important of these assumptions are:

- a. Presume that information is available and available to investors.
- b. No taxes
- c. There are no transaction or transaction costs.
- d. Companies or individuals can debt as much as they wish.

In fact, there is no information available or available to investors and they are only available and available to managers only because they are concerned with the management of the company and therefore they have the information and it is not available to investors from outside the company and the tax is a burden to bear companies in a society as a tax resource and an important resource in some countries The UAE and Bahrain, which did not impose the tax, are exempted from the entry of companies operating in any economy. However, there is the possibility of obtaining loans, the size and the amount desired by the banks. Willing to borrow is also not as claimed by both Kleani and Miller available and can be willing to get it, because of borrowing and its size and many factors and factors, including the financial position and reputation and the past and obligations of the borrower Etc., financing through borrowing whenever companies can (Frielinghaus, and Fireer, 2005, pp. 18-18). In 1993, Weston (J. & Brigham, Weston, Weston, , F. 1993) that the discussion of the theory of capital structure is difficult, it is not easy to measure the impact of capital structure on market value.



(Modigliani & Miller, 1958, pp. 249-297)

The market value of the entity is independent of its funding structure. In 1963, the researchers explained the positive impact of tax on income through tax savings, which would raise the market value (Frielinghaus, and Fireer, 2005, pp.9-18). This theory has been developed on the basis of several assumptions (Al-Hanaway, 1999: 317-334).

In 1988 Miller presented a study that concluded that an institution that should receive financing by borrowing whenever it could, so that it could enjoy the benefits of tax savings, but this could increase the risk of bankruptcy due to high borrowing costs or the cost of capital, Where he cannot explain what is the ideal capital structure of the facility. Then came the theory of "Myers" in 2001, which provides a fixed swap relationship, which includes: The higher the profits of the establishment, the debt must be increased to protect their profits from taxes, but in fact, the higher the profits of the establishment, the ratio of debt is low (Myers, 2001, pp. 81-102).

2. Signal Theory:

MM assumes that both investors and managers have similar information about each other. This is called identical information, but the fact is that the information in each of them is different from that of the other, and more clearly that the managers have real information and more knowledge about the activity of the entity being responsible for its management. In this case, the information is asymmetric. Suppose that a company of companies wants to introduce a new product. This product will bring benefits. The factory that produces this product needs financing. The issuance of new shares entails the contribution of new shareholders in financing. The shares offered by the company, and the benefits of the introduction of the new product in the market was the contribution of new shareholders and this means that the current shareholders did not contribute to the financing of the new product and the benefits that resulted from the introduction of this product in the market led to the rise in share prices, which contributed to maximize value, The current shareholders do not have any contribution, and this may lead them to choose the debt to finance the factory that produces the new product, ie the company avoids the issuance of new shares and resort to recourse to debt financing, especially that the issuance gives a signal to investors that the establishment is not in the financial center Acceptable and business enterprises to improve their activity and the trend through new technology to improve the quality and quantity of production and may bear the high costs because of this and requires enterprises in these

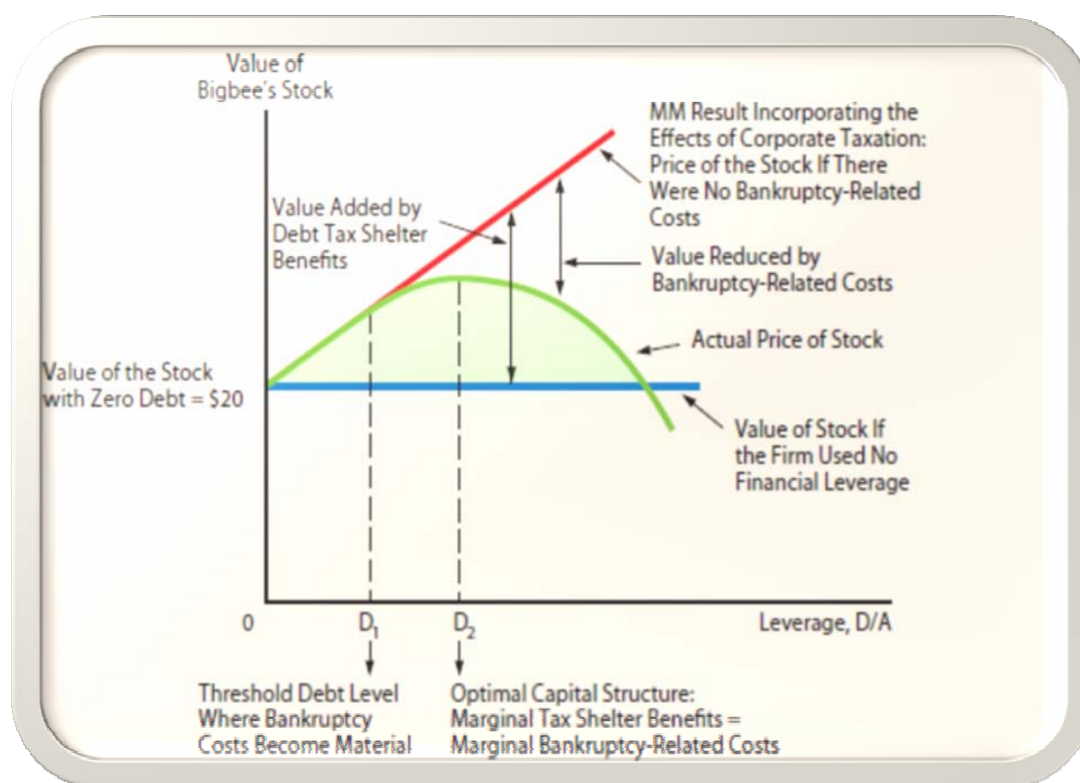


cases to commit to maintain the validity of its machines and operations to avoid losses and possibly to bankruptcy.

3. Trade -off Theory

The theory of swap is the theory of the exchange of tax benefits for financing indebtedness and the problems resulting from possible bankruptcy and the conclusion of this theory as shown in figure (1). The following are some observations:

- The interest paid on debt contributes to the reduction of the tax burden as the state bears part of this burden by offering the benefits as a cost before the tax is collected. This contributes to increasing the cash flows,
- In terms of real life, there is no such thing as debt financing. The debt increases the return on ownership and reduces the total cost, but it has levels that are targeted by the business establishments. Figure (1) shows that D2 is the optimal financing structure level, D1 and D2 vary according to the conditions of each plant. (Brigham & Houston, 2009).



Eugene F, Brigham and Houston F ,Joel , "Fundamental of financial management" , 12 ed. , South-Western Cengage Learning, USA, 2009, p:438.

4. Traditional Approach:

This approach indicates that the debt is tax savings because the interest on the loans is considered a cost that is deducted from the costs in



the income statement and thus reduces the income to the tax. The borrowing increases the cost of financing the property because of the increased return on equity, The weighted cost of financing WACC The lower the tax, the less taxable profit with the possibility of increasing the profit divided. In the case that the company is full and does not need to hold the profits, and this indicates that the performance of the company and its revenues are good and thus earns a good reputation in the financial market, which is reflected on the prices of shares of the company, but there is an optimal financial structure cannot be exceeded as this exceeded the level start balanced cost For financing to rise. (Supanvanij, 2006 pp.324-330).

2. Market Value of Shares:

The value of market shares is different from the value of bonds as the bonds have a specific maturity date and the return is known as the interest rate, the shares do not have a specific maturity date and cash flows are uncertain, so is more risky, depending on the company's profits and may be held in full Not to re-invest in the case of need and therefore reflect the distributions on the prices of market shares in the financial markets, in addition to the prices of shares of companies traded in financial markets depend on the circumstances and several factors, notably: (Pike & Neale, 2009).

- a. Economic and security stability because this is reflected on the stability of financial markets and thus stability of the circulation of shares and provide opportunities for investors,
- b. Available investment opportunities that reflect the stability in the economic sectors as well as legal legislation motivating investors.
- c. The performance of companies traded shares in the capital market and can be surrounded by dividends on the owners and the share of one share provides a signal to investors about the performance of companies and generates interest in the appetite to buy shares.

3- Capital Structure and Value of the Company:

The capital structure usually consists of a combination of borrowed funds and monies, as the expansion of loans may weigh on the company, raising the possibility of bankruptcy and if there is an impact of the capital structure on the value of the entity, this is through its impact on cash flows or its impact on the cost of funds or Both, and the management of the company balance between property rights on one hand and between loans on the other in order to balance the risk and the expected return. But the important question is whether profitability is the company's main goal. Or is the main objective of maximizing the wealth



of the owners? (Gitman, 2006), profitability is the path to acceptable flows that enable the management to decide on the distribution of profits to the owners, which gives companies that distribute profits to shareholders confidence investors in the financial market and thus increase the turnout To buy only shares traded for the company in the financial market, which leads to higher stock prices and thus the value of the company.

Third: Analysis of Capital Structure and Market Value:

A-Analysis of the Capital Structure:

Table (2) and Table (3) shows the paid-up capital and reserves of 15 companies of the industrial sector within the Iraqi Stock Exchange for the period (2005-2015). Table (4) shows the total paid up capital and reserves Which is the capital of the property and at the same time was considered the capital structure for the lack of long-term loans for most of the companies surveyed and according to the time period specified. Therefore, Table (4) as the basis of analysis, which shows that the highest average capital structure was in companies (Baghdad for soft drinks , Electronic industries, modern dyes) The three companies mentioned company occupies Baghdad soft drinks first place. It is evident from Table 4 that the change in the capital structure is not always lasting but lasts for two years and sometimes even more. The change in the structure is not in large amounts, and the reason is that the structure of the capital is dominated by ownership. This means that companies do not wish to finance the borrower for fear of risk, but that is not always a sound position because the borrower financing provides tax protection. (3) Some companies did not keep retained earnings (reserves). Therefore, the capital structure owned. The company paid for these companies is the chemical company and the national industries, as it did not maintain reserves for the years 2014 and 2015 and so was the construction company (Al-Khazer) for construction materials and the company of modern dyes and industries for the manufacture of bicycles and metal production of ready-made clothes, The crown of construction materials did not maintain reserves for three years, namely 2013, 2014 and 2015, these changes are supposed to have a reflection on the performance of companies and therefore stock prices in the financial market, the paid capital has been stable, as shown in table (2) Most of the companies, either the change in the paid capital was limited companies and change is not significant.



Table (2), Paid Capital of Companies in the Industries Sector in the Iraqi Markets for Securities for the Period (2005-2015)

S	Company Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	AL-Mansour for pharmaceutical industries	990000	1,217,700,000	1,217,700,000	2,025,599,342	2,173,594,500	2,499,633,675	3,234,633,675	3,234,633,675	6,469,267,350	6,469,267,350	6,469,267,350
2	Iraqi for carpets & furnishings	50000000	50000000	50000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000
3	Baghdad for soft drinks	60000000	60000000	60000000	105000000	105000000	125000000	125000000	133000000	133000000	133000000	133000000
4	Baghdad for packaging materials	2700000000	2700000000	2700000000	2700000000	2700000000	2700000000	5400000000	5400000000	10800000000	10800000000	10800000000
5	Industries crescent	3300000	6600000	6600000	6600000	82500000000	12375000	12375000	12375000	12375000	12375000	12375000
6	Light industries	5600000	11200000	11200000	11200000	11200000	16800000	16800000	16800000	16800000	16800000	16800000
7	Modern chemical industries	600000000	600000000	600000000	600000000	600000000	750000000	750000000	900000000	1350000000	1350000000	1350000000
8	National chemical & plastic industries	7593750000	7593750000	7593750000	7593750000	7593750000	7593750000	7593750000	1518750000	1518750000	1518750000	1518750000
9	Electronic industries	10000000	10000000	10000000	12000000	12000000	12000000	18000000	18000000	18000000	18000000	18000000
10	Canadian veterinary vaccines	8208000000	100000000	100000000	100000000	2400000000	2400000000	2400000000	3600000000	4500000000	5940000000	5940000000
11	Falluja for production of construction materials	2700000000	2700000000	2700000000	2700000000	5400000000	10800000000	10800000000	22680000000	22680000000	31200000000	31200000000
12	AL-Khazir building materials	8000000000	8000000000	1000000000	1000000000	1000000000	1000000000	1000000000	1000000000	1000000000	1000000000	1000000000
13	Modern dyes industries	61425000000	9213750000	9213750000	9213750000	9213750000	9213750000	9213750000	9213750000	9213750000	9213750000	9213750000
14	National metal industries & bicycles	500000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000	500000000
15	Production of ready-made garments	3600000000	508049617	508049617	508049617	720000000	955999440	1350005049	1500000000	1593300000	1593300000	1593300000



Table (3) Shows the Reserves of Companies in the Industrial Sector in the Iraqi Market for Securities for the Period (2005-2015)

S	Company	Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	AL-Mansour for pharmaceutical industries		437277	263392	526055	364,096,894	720,010,041	471,807,239	328,865,580	659,628,182	924,377,676	803175666	1079688846
2	Iraqi for carpets & furnishings		918128002	989331077	1008853424	1108693291	1263469980	1385463364	1384937124	1434290114	1505728484	1559983437	1490735112
3	Baghdad for soft drinks		6709825	8173981	8886042315	9290404951	17638296861	21538458209	25175142198	34196140462	42716533377	56327491414	83680121991
4	Baghdad for packaging materials		8880	12060195	1415762	16399542	-1210524	3866814	3861528	9592877	49772028	7224827	-77098087
5	Industries crescent		1016351	1019080964	1019674906	676949929	714784850	129100865	656931543	654681543	654681543	8654672801	8654672801
6	Light industries		1218979	1630403	1630872756	61202252	708052087	748394355	857425296	4526277549	4662424985	4938628258	7271471022
7	Modern chemical industries		26109400	264312064	242779535	226661811	241738170	236223187	4732290199	4759506799	4891144315	-	-
8	National chemical & plastic industries		2739036000	3291621093	1971823798	2257794715	2663205806	2833831235	3397062384	1671692436	2901656922	1871760145	2249219708
9	Electronic industries		3408729000	3454266956	9074570241	7082702266	7086182800	7159125789	33573762923	33843781615	33897949901	33931557679	-
10	Canadian veterinary vaccines		425118100	334920806	426517549	462510271	671846263	1399276689	2336216211	2158277428	1886447249	967305249	441655108
11	Falluja for production of construction materials		286945000	286945455	323045454	333195452	449802766	509495797	631348976	453979087	-	-	-
12	AL-Khazir building materials		256248000	272156503	308913944	318610312	420960700	422094261	476349623	803064619	803064619	-	-
13	Modern dyes industries		2129064000	3699487054	2407182789	2412845291	1898524204	2140847256	2136141574	2448251198	2466419318	-	-
14	National metal industries & bicycles		250145500	2603326147	3340003232	4637023927	3222260876	3186980407	3257834620	3610513846	3664368148	-	-
15	Production of ready-made garments		301124000	301638000	945889554	792788026	585667001	705839533	417336777	126539600	36469985	-	-



Table (4) shows the average total paid-up capital and reserves of industrial sector companies in the Iraqi Stock Exchange for the period (2005-2015)

S	Company Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	average
1	Al-Mansour pharmaceutical industries for	1427277	1217963392	1218226055	2389696236	2893604541	2971440914	3563499255	3894261857	7393645026	6469267350	6469267350	3498390841
2	Iraqi for carpets & furnishings	968128002	1039331077	1058853424	1608693291	1763469980	1885463364	1884937124	1934290114	2005728484	500000000	500000000	1377172260
3	Baghdad for soft drinks	66709825	68173981	8946042315	9395404951	17743296861	2166345820 ₉	25300142198	34329140462	42849533377	133000000	133000000	14602536562
4	Baghdad for packaging materials	270008880	282060195	271415762	286399542	268789476	273866814	543861528	549592877	1129772028	1080000000	1080000000	548706100.2
5	Industries crescent	4316351	1025680964	1026274906	683549929	8964784850	141475865	669306543	667056543	667056543	12375000	12375000	1261295681
6	Light industries	6818979	12830403	1642072756	72402252	719252087	765194355	874225296	4543077549	4679224985	16800000	16800000	1213518060
7	Modern chemical industries	86109400	324312084	302779535	286661811	301738170	311223187	4807290199	4849506799	5026144315	135000000	135000000	1505978680
8	National chemical & plastic industries	1033278600 ₀	10885371093	9565573798	9851544715	10256955806	1042758123 ₅	10990812384	3190442436	4420406922	1518750000	1518750000	7541724944
9	Electronic industries	3418729000	3464266956	9084570241	7094702266	7098182800	7171125789	33591762923	33861781615	33915949901	18000000	18000000	12612461045
10	Canadian veterinary vaccines	1245918100	434920806	526517549	562510271	911846263	1639276689	2576216211	2518277428	2336447249	594000000	594000000	1267266415
11	Falluja for production of construction materials	556945000	556945455	593045454	603195452	989802766	1589495797	1711348976	2721979087	22880000003	312000000	312000000	1365705272
12	Al-Khazir building materials	1056248000	1072156503	408913944	418610312	520960700	522094261	576349623	903064619	903064619	100000000	100000000	598314780.1
13	Modern dyes industries	8271564000	12913237054	1162093278 ₉	1162659529 ₁	11112274204	1135459725 ₆	11349891574	11862001198	11680189318	9213750000	9213750000	10910796608
14	National metal industries & bicycles	300145500	3103326147	33900003232	4687023927	3272260876	3236980407	3307834620	3660513846	3714368148	50000000	50000000	2615677882
15	Production of ready-made garments	661124000	809687617	1453939171	1300837643	1305667001	1661838973	1767341826	1626539600	1629769885	1593300000	1593300000	1400304165



B- Analysis of Market Value:

Table (5) shows the average closing price, which is the market value of the shares of the surveyed companies. It is noted from the above table that the highest average market value was the shares of modern chemicals company amounting to (49.59) JD followed by the average market value of the companies (Baghdad for packaging materials, (4.23, 5.16, 6.14).

Al-Iraqi was Al-Man sour Pharmaceutical Industries Company, National Metal Industries Company and the grades with a low average of (1.52) and (1.74) dinars. In some years during the research period, the closing prices of the two companies were less than the value The nominal value of the share is a significant condition, as the market price should not be less than the nominal value of the share, but the occurrence of such cases occurs when the circumstances of the country are unusual, as is the case for Iraq and over fifteen years, and the consequences of such Circumstances Perhaps the reason for the decline in demand for the product of these companies as an inevitable result of the opening of the import and competition of the Iraqi product, the loss of protection of the national product, a situation that suffers from the agricultural and industrial sectors.

Table (5) The Average Closing Price of Companies in the Industrial Sector in the Iraqi Market for Securities for the Period (2005-2015)

S	Company Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	average
1	AL-Mansour for pharmaceutical industries	2	1.5	1.25	1.1	1.55	2.76	2.82	1.21	0.9	0.84	0.76	1.52
2	Iraqi for carpets & furnishings	4	3.45	3.1	3.5	3.9	4.8	5	4.6	4.15	4.25	4.28	4.23
3	Baghdad for soft drinks	5	0.95	1.2	1.2	1.3	1.1	1.54	1.49	2.99	2.26	2.94	1.16
4	Baghdad for packaging materials	26	2.3	3.25	4.25	6.1	8.2	6.9	4.2	2.72	1.7	1.93	6.14
5	Industries crescent	4.05	2.7	1.1	1	1	1.16	1.18	0.64	0.64	0.67	0.4	1.32
6	Light industries	3.7	1.05	1.15	1.2	2.15	1.16	1.14	0.58	0.7	0.67	0.51	1.27
7	Modern chemical industries	49.599	49.299	90	71.5	69	55	60	60	39.8	0.85	0.54	49.59
8	National chemical & plastic industries	6.1	1.15	1.45	1.9	2.8	4.3	3.9	0.97	0.84	2.601	2.601	2.60
9	Electronic industries	3.65	1.05	1.35	1.4	3.2	2.13	2.48	1.28	1.4	1.6	0.99	1.87
10	Canadian veterinary vaccines	8	2.05	1.8	2.5	1.6	2.89	4.11	3.95	2.5	1.28	1.11	2.89
11	Falluja for production of construction materials	2.7	1.5	1.5	2.5	1.8	3.75	3.62	4	3.45	1.78	1.51	2.56
12	AL-Khazer building materials	1.75	1.05	1	1.8	2.75	3.1	2.1	1.9	1.95	2.3	1.41	1.92
13	Modern dyes industries	6.05	1.55	1.7	1.7	2.35	3.84	2.75	2.29	1.12	1.51	1.25	2.37
14	National metal industries & bicycles	3.25	1	1.6	2.05	3.1	2.7	1.89	1.3	0.9	0.63	0.69	1.74
15	Production of ready-made garments	2.4	2.4	1.2	3.15	4.75	2.41	6.4	7	5	8.45	13.64	5.16



Fourth: Statistical Analysis:

Table (6) presents statistical measures. This section deals with a statistical presentation in which the correlation between the two variables (capital structure and market value) is tested and analyzed.

The main hypothesis: The capital structure variable showed a negative and weak correlation value and 0.195 (-) with non significant statistical non significance at ($\alpha = 0.05$) with the variable market value. Therefore, the hypothesis that indicates a significant correlation relationship between the structure Capital and variable market value at the research level. The first variable (capital structure) does not affect the second variable (market value) and the sentiment level is (0.485).

Table (6) The Correlation Matrix and the Effect of the Search Variables

Capital Structure	R	Value T Calculated	R2	Beta	Morality Level
Market Value	-0.19547	-0.719	0.038	-.195	0.485

Source: from Introduction Researcher Based on the program(SPss,vev,20).

Five: Conclusion & Recommendation:

A-Conclusions:

There are a number of conclusions reached by the researcher.

1. Companies that invest in financing as a source of financing do not have tax advantages and positive effects. So that funding is limited to sources of financing owned.
- 2 - The change in the capital structure was limited and may be due to economic and security conditions unstable during the period of research.
- 3 - The uncontrolled importation has had a major impact on the national product and the low prices of national products,
4. There is no statistically significant effect between the independent variable of the capital structure and the dependent variable of market value per share due to the reasons mentioned above In the market value so the result seems logical. This result by reasons of volubility of political and economical and security conditions.
- 5 - Lack of interest of investors in technical analysis of the course of trading and its relationship to the investment climate and investment environment and the circumstances surrounding them economically.

B-Recommendations

- 1 - The researcher recommends attention to the factors that lead to raising the market value of shares traded companies in the financial market.



2 - The researcher recommends the need to pay attention to the financial mix and activate its role as a variable that has an impact on the market value of companies. That's why analysts and investors need to take care of this variable.

3 - the adoption of indebtedness as a source of funding because of its positive effects.

4 - The need to pay attention to the policy of the distribution of profits to the ordinary shareholders of this policy (distribution) in moving stock prices in the financial market and therefore this policy has an impact on the extent of the company's ability to achieve its strategic goal is to maximize the value of the establishment in the stock market.

5. Because there is no trace of the capital structure on the market value of shares, the researcher recommends taking other variables to measure their impact on the market value of companies.

6 - Recommends the researcher to communicate and continue to conduct research in this area and take other sectors and conduct comparative studies.

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*Analysis of the Reality and Possible Integration
of Private Banks in Iraq*

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Abstract

Globalization has affected all sectors of the economy, including the banking sector, which has been affected by financial globalization through its tools of financial liberalization, i.e. deregulation of laws and legislation that are facing the expansion of banking activities. The banking sector witnessed many developments, Bank privatization, banking maturity. As for the banking sector in Iraq adopted the role of banking reform after 2003 there was an expansion in the number of private banks, but this was caused by a number of problems, including lack of ownership of the banking sector of technical and technical capabilities and infrastructure because of the absence of strategic plans require reconsideration of the legislative environment, In spite of this, the Central Bank prepared an analytical study in 2015 to review the reality of private banks and to take decisions to merge banks that suffer from problems except small or weak banking activity in them with large banks. During our research, which touched on the concept of merger and the types and mechanisms used to reach. The reasons and results of the merger process, so the practical side was to analyze the synergies and cost analysis of the merger, which is owned by cash or stocks, and determines the merger options for the private banks.

Keywords

Integration, Private Banks, Iraq

1. Introduction

The banking sector is one of the economic sectors that contributes to the crystallization of economic development through the positive effect it has on financing economic development by directing national savings towards development or directing domestic and foreign investments towards economic sectors that have a significant impact on national income.

In addition, there are challenges facing the banking sector, and each country has its own challenges. The challenges and crises faced by the Iraqi banking sector are (liquidity crisis, banking prosecutions, bad debts,



and lack of legal environment not keeping pace with modern banking systems). Similarly, reforming the banking sector requires restructuring the government sector by privatizing or encouraging mergers between banks to provide diversified, integrated and competitive services, or expanding the ownership base of banks to make them more manageable to wider segments of shareholders and reduce the influence of the public sector.

It should be noted that the phenomenon of banking integration is very important in raising the return of banks and increase the efficiency of banking performance, through the benefits and benefits achieved in order to reduce the degree of risk. As well as through the distribution of investment activities and the strengthening and support of the capital base of the bank and achieve good growth levels to benefit from large-scale savings and profitability, as the integration of integrated banking institutions that they need to find alternative to the existing bank (especially if weak), in addition to being a substitute for financial failure.

2. Research Methodology

Research Problem

Referring to the Iraqi context, the need for banking integration has become urgent to bridge the gap between financial globalization and the challenges and crises facing the Iraqi banking sector. The research problem is whether banking integration increases the cash value, profits and present value of integrated banks and reduces costs.

Research Importance

1. Identify through the integration of banking, how to increase the competitiveness with local and global banks in the provision of banking services.
2. Knowing the extent of the possibility of raising the profitability of integrated banks through the integration of banking, and what are the positive effects of integration.
3. Banking integration leads the banking sector to become comprehensive banks with advanced services.

Research Objectives

1. To recognize the reality of the Iraqi banking sector in terms of the structure of banks and capital.
2. To address the concept of integration in terms of content and economic and legal definition and identify the types of integration and determinants and negative and positive effects on the banking sector.



3. Identification of the current value of cash before and after the merger as well as the costs of integration in the form of cash or shares.

Research hypothesis

Banking integration reduces the risks to the two banks after the integration, while increasing the value of the compound banks and the realization of large-scale inflows.

Research Limits

- The time limit was 2015.
- The place of application were the Iraqi commercial banks, specifically (Sumer Commercial Bank, Gulf Commercial Bank, and Bank of Baghdad).

Research approaches

The researcher relied on the following approaches:

- a. Descriptive approach: to address the concepts definition of negative and positive effects and types of integration.
- b. Inductive approach: to raising the determinants of integration in Iraq and its requirements.
- c. Mathematical approach: to analysis the synergy, and cost in cash and by stocks.

3. Banking Integration

Concept of Banking Integration

There are a lot of definitions of integration vary according to the researchers both depending on the competence and according to its content or composition or the implications of it as it comes.

(A) **The law** defines integration as the court of one or more companies or of a new company to which the receivables of the companies that have been transferred are transferred (Saleh, 2012: 19). The concept of integration is a process that occurs when two or more banks merge into one bank by forming a new business entity (Smirnova, 2014: 80). integration involves the joining of two or more legal companies in one company, after obtaining the approval of the joint company that the two companies are united in the matter and then form an economic unit after the integration. The integration results in the demise of the existing companies or at least one of them (Al Mashhadani, 2010: 130-129). integration also known that a company joins another company or more and is often at one level of importance and size (Shabb, 2012: 33).

The merger occurs according to the legal aspect in two ways:

- *Fusion Pas Absorption our Nixing:*



This is done by merging one or more organizations into another organization (the umbrella organization), where the organization or other organizations that have been merged with them will end up permanently with the survival of the merging organization and the enjoyment of moral personality (Janekis-Beck, 2005: 70).

• *Merger by Combination:*

On the basis of this method, two or more organizations merge to form a new organization and thus their legal personality disappears, as the new moral personality becomes responsible for all the debts and obligations of all the combined organizations (Al-Saffar, 2009: 73).

(B) **Finance** is defined as the union or joining of two or more companies to form a single company with the acquisition of the assets and liabilities of the target company (Saleh, 2012: 4).

(C) **Accounting** is defined in accordance with IFRS 3 (2004) Business Combinations, which is the process of collecting business entities separately in a single entity for financial reporting (Al Mamouri, 2007: 59).

(D) **Economy** defines it as an agreement that leads to the union of two or more banks and their solubility in one banking entity so that the new entity has a higher and more effective ability to achieve objectives that could not have been achieved before the completion of the process of forming the new banking entity (Abdel Hamid, 2005: 155).

Types of Banking Integration

1. *Banking integration in terms of the nature of the activity of the merged units:*

According to this standard, banking integration is classified into the following types:

a) **Horizontal Banking Integration:**

Which occurs between two or more banks operating in the same type of activity. As a result of this type of merger, the huge banking monopolies in the market are increasing and governments can regulate the processes of this type of merger because it negatively affects competition and allows for monopolistic profits, Government organizations to prevent and combat monopolies (Shaar, 2002: 242).

b) **Vertical Integration:**

Integration between small banks in different regions and the main bank in major cities, and thus small banks and branches become extensions of the big bank (Mohammad, 2008: 5).



c) Diversified Integration:

It is defined as being between two or more banks engaged in non-interrelated activities, for example, between a commercial bank or a specialized bank and an investment and business bank.

- Integration for expansion of products by expanding production lines, mergers are related to each other (Saffar, 2009: 49).
- Integration with the aim of geographical spread of the market to two companies to carry out operations in non-overlapping geographical areas (Dabbas, 2012: 524).
- Integration for diversification of research, involving different and unrelated business activities, and cannot be adapted as a market extension (Hammad, 2011: 7).

2. *Banking integration in terms of the relationship between the parties to the integration*

According to this standard, banking integration is classified into the following types:

a) Voluntary Integration:

The voluntary Integration is defined as a friendly merger with the approval of the management of the merged bank and the merged bank. The bank offers to buy the integrated bank management board. The management of the two banks will then submit a letter to the shareholders of the bank, In the case of completion of the approval, and with no opposition from the Government, the acquiring bank will purchase the merged bank shares (Talib et al., 2013: 328).

b) Compulsory integration:

This type of integration spreads in most countries with a central approach, as decisions are issued by the state by merging a number of banks in new banks to achieve political, economic and social goals that serve the public sector or through a broad process that is not usually the structure of the banking sector, which is used by the monetary authorities in a country as one solution to liquidate the banking system from banks experiencing financial and non-financial difficulties leading to bankruptcy, and often through the enactment of laws and legislation that encourage banks to integrate in exchange for incentives and tax exemptions or Through the supply of the bank C loans to meet its pledge to assume all the obligations of the merged bank (al-Moussawi, 2011: 154).



c) Hostile Integration:

Involuntary integration occurs against the will of the target bank and usually when weak management controls the capabilities of a company with good potential. Therefore, the strong and successful companies in the market put their direction in the direction of these companies to seize them and change the weak management with a strong management that can best exploit the capabilities of this company (Erewa, 2010: 10).

3. *Integration in Terms of Form*

This type of integration is divided into two types: (Al-Zobaie, 2010: 78; Muhammad, 2014: 143).

a) The Integration with Market:

Means the merger that takes place between two banks, which leads to the disappearance of them completely and the emergence of a new bank independent legal, legal and administrative instead.

b) The Integration Without Market

Means the dissolution of the merged bank in the syndicated bank, while the syndicate shall maintain its structure, management and independent legal personality, but shall enhance its activity and services.

Banking Integration: Mechanism and Implications

Ways to implement the Integration:

Some writers and researchers in the field of financial management have presented a number of ways in which enterprises can resort to mergers and try to briefly review some of these methods: (Al-Ardi, Al-Shammari, 2012: 102-101).

1. *Stock exchange*: This is one of the most common methods of merger operations at present. In the case of merger by annexation, the price of the purchase of the shares of the target entity and the exchange rate with the shares of the merged entity may be determined, for example, If the shareholder in the target entity receives (one share) in the new establishment in exchange for waiving (2 shares) of its old facilities.

2. *Buy Shares*: Under this method, the merger can be affected by purchasing the acquirer of the target company's shares through the stock exchange market, paying in cash or issuing bonds. In certain cases, the merger may remain partial, some shareholders sell their shares to the merging entity.

3. *Purchase of assets of the acquire*: To avoid partial control of the target entity through the exchange or purchase of its shares that prevent its being fully incorporated into the acquire, the assets of the target entity are



often acquired in its management (not directly from its shareholders) The same is automatically paid to the shareholders.

4. *Formation of the merged entity can be a holding company and issue new shares to replace the merged enterprises.* Thus, all the shareholders in the enterprises before the merger become shareholders in the new holding company.

5. *The Integration can also be carried out through a combination of methods*, such as the purchase of some shares on the basis of the swap and the purchase of other shares in cash, depending on the needs of the target entity and the desire to carry the shares.

Objectives of banking integration

The objectives of the integration can be classified into three main sections: (Suad, 2012: 35).

1. *Long term or strategic objectives:* The achievement of the highest strategy of the bank to reach the top of the market and be the leader and the guide, which is the goals of hegemony and control, and therefore the merger is based on the main ingestion of other banks and the acquisition of more power and capacity, Size, energy and efficiency.

2. *Medium Term Objectives:* which is linked to the Bank's interim policies. The administrative and structural structure of the syndicate is achieved and is linked to the market share and the capacity, scope and size considerations.

3. *Short range or tactical objectives:* which deal with the conditions and operational conditions of the merger, and with the conditions and conditions of the market, and with the changes and developments of the life of the banking market.

Correspondingly, the banks aim to achieve the basic objectives of the integration process: (Abdel Hamid, 2005: 153).

1. More confidence, safety and security among the customers and customers, and this is achieved by providing banking services at the lowest possible cost and the highest quality, and the marketing of banking services better.

2. Creating a better competitive position for the new banking entity in which the new bank's competitiveness will be increased, and creating more profitable and less risky investment opportunities.

3. Replacement of a new management more experienced functions of the bank to a higher degree of efficiency, and thus earn the new bank more mature personality and more effective by employees after the integration of competencies existing in previous banks.



4. Production and mixing between institutions will lead to the provision of large capital, the ability to bear the risks resulting from deposits and loans provided, the improvement of the level of labor as a result of the availability of experience and good training, the ability to communicate with the existence of information related to various communication systems, including the Internet.

5. Appropriate treatment to address the problem of excessive bank through the regulation of the banking sector and refinement in addition to avoiding financial difficulties or liquidation that may be exposed to some banks by reducing the number of banking institutions.

The positive and negative effects of banking integration

(A) Positive effects:

1. Financial Transfer: The integration of the banking transfer of the financial institution of the merged banking institution to the banking institution that replaces them in all their rights are transferred without the need to liquidate the merged banking institution and the payment of their obligations, which means that the merger avoids troubled banking units or facing difficulties and financial problems liquidation risks and this has negative effects on the banking sector and the result on the national economy (Bank of Egypt, 1999: 70).

2. The rise of the classification: The merger between two banks put the new bank resulting from this merger in a better credit arrangement by correspondents and international credit rating institutions, but results in this situation of a better level than before the merger with respect to the composition of assets and liabilities and the capital base Profits and interest rates and return on investment. This means increasing the ability of integrated banking institutions to acquire the confidence of local and foreign financial institutions (Al-Zadballi, 1997: 10).

3. Improving banking services: The integration of the new banking entity resulting from this merger to invest in human materials and attract the banking and organizational competencies and improve the efficiency of employment in the bank through training in risk assessment and forms of credit and banking operations and modern financial tools (Hindawi, 2000: 34).

4. Increasing competitiveness: The successful merger between two banks create wide areas to reduce costs and increase revenues and then increase the margin of profitability, the reduction of costs achieved, for example through the consolidation of major central departments of the two units merged and through the use of profits Or loss of one of them in achieving tax savings for the entity resulting from their merger together (Zayed, 2006: 47).



(B) Negative effects:

1. Banking integration is one of the manifestations of the monopoly or semi-monopoly market, which carries a monopoly of disadvantages even if some governments have legislation that prevents monopoly (Abdel Hamid, 171).
2. Lack of interest to customers due to large volume, which leads to a decrease in the number and thus reduce revenues for costs unless management manages to decentralize the management of the bank.
3. If the size of the target bank is large, it may be more likely to be exposed to loss of market share prices, especially in the absence of competition in the market.
4. The Bank shall bear high financial costs for the restructuring of the Bank if the latter suffers from default (Awadallah, 2003: 98).
5. Increase the risks resulting from the merger when hiding information and data, which leads to increased errors and not correct and correct them in a timely manner (Hanan, 2014: 73).

4. The structure of the Iraqi banking system and the integration

The structure of the Iraqi banking system for the year 2015

- Restructuring is defined as a set of measures aimed at reforming the financial, technical and administrative structures of the bank to enable it to continue successfully. This is achieved through changes and developments in the technical, administrative and financial fields, leading to increased productivity and rationalization of costs.
- The concept of restructuring is considered a comprehensive concept to accommodate the idea of privatization, as the process of restructuring extends to all companies, including state-owned or private sector to improve their chances of success and reach the goals in general. The restructuring of companies may be in the form of privatizing them in a way of privatization by allowing employees or the private sector to own part of their capital in order to develop them, rationalize their expenses and improve their production or services provided by them (Walid, 2014:2).

The number of banks operating in Iraq are 56 banks, including 6 government banks between specialized and commercial and 50 private banks, and the last is divided into 25 local commercial banks, 12 Islamic banks, 13 banks between foreign and Arab. The banking sector suffers from a number of problems, especially private banks. In spite of the activation of the economic reform law and the involvement of the private sector in the administration and supervision, the absence of plans and strategies to rebuild and structure the Iraqi banking sector and weak foundations and detailed policies adopted by banks Risk Management in



Situations and Emergency Situations In spite of the large number of private banks operating in Iraq, their size and activity are still very limited compared with government banks that manage about 90% of the total assets of the Iraqi banking sector in the district Iraqi banks run about 8% of them, and the branches of foreign and Arab banks manage about 2%.

Moreover, the banking sector suffers from its contribution to the credit granted to the gross domestic product (GDP), not more than 10%, while in the regional countries (Middle East and North Africa up to 55% Which is evidence of the weak contribution of the Iraqi banking sector in economic development, in addition to the lack of liquidity in banks, which increases the problem of cash credit to customers, and the lack of financial institutions to support the banking business as a guarantee company deposits and credit guarantee companies and the absence of specialized offices to study and analysis Identifying risks and crises.

Therefore, the activation of the law of banking reform in real and effective through one of its channels is the integration of banking as a necessity to reform and make it more efficient, especially that there is support to start the integration (Central Bank of Iraq report, 2015: 30).

1. The role of the Central Bank in clarifying and clarifying the necessary instructions for the banking integration in Iraq where it was mentioned in Chapter Nine of the Instructions of Implementing the Banks Law No. (3) issued in the Official Gazette No. 4172 on 30/1/2011 according to the provisions of Article (3) no. (94) for the year (2004) and this law was determined by its frameworks and means.

2. The Central Bank of Iraq issued a book 9 \ 3 \ 16724 on 29 \ 11 \ 2015 to the Association of Iraqi banks urging banks to review the conditions or foundations necessary to ensure the success of banking mergers in achieving their objectives were as follows: (www.niiraq.com)

– Create information and transparency in showing all the detailed data through which we can evaluate the integration process.

– The integration process is capable of creating competitive capacity by forming a banking unit without looking at size only, on the basis that large size creates competition.

– Create a kind of consensus between the views and different positions of the boards of directors and employees in the institutions integrated without obstacles or great resistance.

– The process of banking integration in itself is a means and not an end to raise the efficiency of banking performance, and this can occur administrative and control systems.



- Through a set of criteria governing the process of integration, the long-term objectives of the joint banking institutions can be defined by the process of integration, such as the extent to which future revenues will improve, banking intensity, technological development.
- Requires banks involved in the merger process is to liquidate all things related to them such as non-performing loans to be prepared for the merger.
- The philosophy of the integrated banking departments should converge, especially if they are from different banking schools.

Justification of the Iraqi banking integration

1. ration and cooperation between them in line with the trend of the modern economy based on the focus in order to reach the best results.
2. The need for companies wishing to merge to reconsider their economic policy with the aim of achieving higher productivity or to compete with other enterprises that carry out similar activities in the market (Alsager, 1998: 13).

5. The applied side of the research:

Characterization of synergy analysis and cost analysis for banking integration:

First: The concept of analysis of synergy

The analysis of synergies is that the new bank resulting from the merger will be worth more than the sum of the value of the merger (Saleh, 2012: 31). Thus, the synergies are achieved when the total returns resulting from the merger exceed the total returns of the two banks before their merger. This means that there is a value added as a result of the merger of the values of the two banks and this is shown in the following equation (Abu Hamad, Hamza, 2016: 15).

$$V = VAB - (VA + VB) \text{ as:}$$

V: net value achieved after the bank merger.

VAB: Value of banks A and B after merger.

VA: The value of the syndicated bank (A).

VB: The value of the merged bank (B).

The value added after the merger is attributed to the synergy, which is defined as the increase in the total value of the two banks after the merger on the forced sum of their value together before the merger, which in turn



will increase the efficiency of the bank in performance (Talib, Moussawi, Hassan, 2013: 322).

The second requirement: the phases of characterization of the analysis of synergy:

The analysis of synergy is one of the strategies of banking integration and goes through several stages, the most important are:

The first stage: Estimating the cash flow equations for both banks (A) and (B) before and after merger.

First: Estimating the cash flow before the merger of the two banks (A), (B):

$CF = NP + DEP \dots\dots (1)$ as:

CF: The value of the bank's cash flow before the merger.

NP: Net profit.

DEP: The value of the extras.

The cash flow equation of the inclusive bank (A):

$CFA = NPA + DEPA \dots\dots (2)$

Bank cash flow equation (B):

$CFB = NPB + DEPB \dots\dots (3)$

Second: Estimate the cash flow after the merger of banks A and B: -

$CFAB = CFA + CFB + [G \times CFAB] \dots\dots(4)$

As:

CFAB: The total cash flow of the two banks after their merger together.

CFA: The total cash flow of the Bank (A).

CFB: Total cash flow of the bank (B).

G: Average growth rate of the two banks.

(G) can be calculated by equation (5):

$G = (NP1 - NP0) / NP0 \dots\dots .. (5)$

As:

NP1: Net profit after tax for the year of comparison.

NP0: Net profit after tax for the base year.

The second stage: Estimating the value of banks A and B after the merger:

$VAB = CFAB / D \dots\dots (6)$

Where:

VAB: Value of the two banks (A, B) after their merger together.

CFAB: The total cash flow of banks (A) and (B) after the merger.



D: Discount rate (rate of return on investment).

The discount rate is the lowest rate of return that an investor expects to receive when investing money in ordinary shares rather than postponing its own consumption and carrying the risks attached to that investment (Shoman, 2005: 53). The discount rate (the rate of return required) depends on the quality of the investment, , The higher the investment risk, the higher the discount rate and vice versa if the investment risk decreases (Al-Ardi, 2013: 198). The discount rate is calculated according to the following formula (Abd Ali, 2008: 210).

$$D = RF + (RM - RF) B_i \dots\dots \dots (7)$$

As:

D: discount rate.

RF: risk-free rate of return.

RM: rate of return for the market portfolio.

RM-RF): Risk premium.

B_i: Beta Factor.

The risk-free rate of return (RF) is measured on an average basis on government investments (treasury bonds) or interest rate on savings deposits (Shoman, 2005: 54). The interest rate paid by commercial banks on savings deposits (6.16%) for the availability of data (Central Bank of Iraq, Directorate General of Statistics and Research, 2014, table of interest rates).

The risk premium (RM-RF) reflects the systemic risks that the Bank faces and changes according to the nature of its activities and is commensurate with the increase in the Bank's risk (Al-Shabib, 2010: 86).

Stage 3: Estimation of Market Rate of Return (RM): -

The calculation of the realized rate of return of the market portfolio (RM) requires that the RJ of the sample banks be calculated according to the following equation:

$$R_j = (P_1 - P_0) / P_0 \dots\dots \dots (8) \text{ As:}$$

P₁: The share price is the end of the period (closing price).

P₀: The price of the stock is the beginning of the period (opening price).

After that, the realized yield of the market portfolio (RM) can be Zcalculated by dividing the total annual rates of return realized for all the shares of the market portfolio in that year by the number of banks sample of the study and as indicated in the equations :



$$RM = \{j / N$$

as:

{j: Total annual rates of return for all portfolio shares.

N: Number of banks involved in the merger process.

Stage 4: Estimation of the Bi coefficient:

The beta coefficient is a measure of the systemic risk that affects the returns of most types of stocks traded on the stock exchange. The systemic risk is caused by general economic conditions whose effects are subject to varying degrees in all productive and service sectors operating in the economy such as inflation, the risk of the situation in the economy or interest rate risk And other factors (Abu Hamad, 2002: 258). Thus, the beta coefficient reflects the degree of volatility of the yield achieved per share towards the return of the market portfolio, and the increase of the betacoefficient indicates the high risk level. -491), (Hindi, 2014: 305-302).

$$Bi = COV (Rj, RM) / Var (RM) \dots\dots\dots (10)$$

As:

COV (Rj, RM): The common variance between the returns to Rj stock and the returns to the market portfolio.

Var (RM): Differentiated returns to the market portfolio.

Description of Cost Analysis and Total Value of Integration:

The cost of the merger is the net value paid by the syndicated bank (A) to the shareholders of the merged bank (B), or the premium provided by the aggregate bank (A) to the merged bank (B), and more than its value as a separate economic unit, The premium paid to the merged bank (B) in cash or through the share swap (Saleh, 2012: 44). The cost of the merger can be divided into two parts:

First: The cost of the merger owned by cash: -

One of the options for bank integration is that the syndicate bank (A) owns the target bank (B) in cash, by buying all its shares in cash, and this option is in several stages, including: (Saleh, 2012: 47-45), (Ardi, Ershad: 16 14):

Stage 1: Estimate of net value achieved after the merger:

$$\Delta V = VAB - (VA + VB) \dots\dots\dots (1)$$

As:

V Δ: net value achieved after the bank merger.

VAB: Value of banks A and B after merger.



VA: The value of the syndicated bank (A).

VB: The value of the merged bank (B).

Stage 2: Estimation of the value of (B) after its merger with the bank (A):

$VB * = VB + \Delta V \dots\dots .. (2)$ Because:
The value of the merged bank (B) after its merger with bank (A), which is achieved by adding the value of the bank (B) to the result of equation (1), which represents the value of bank A to bank B.

Stage 3: Estimate of Net Value Status of the merger:

$$NPV = VB * - COSTB \dots\dots\dots (3)$$

As:

NPV: Net present value achieved after the merger.

VB *: The value of bank B after its merger with bank A.

COSTB: The cost of the purchase of the bank (B), which is equal to the amount paid by the aggregate bank (A) to purchase all the shares of Bank B in cash.

Equation (3) is achieved by subtracting the result of equation (2) from the cost of purchasing the bank (B).

Stage 4: Estimate the value of banks (A) and (B) after the merger: -
 $VAB * = VA + NPV \dots\dots\dots (4)$

As:

VAB *: Value of banks (A and B).

Equation (4) is achieved by adding the result of equation (3) to the value of the aggregate bank (A).

Second: the cost of the merger owned by shares:

This option is achieved by determining the purchase price of the target B share capital and the ratio of its share with the shares of the aggregate bank (A). For example, the shareholders of the target bank B receive one share in the new merger bank (A)) In exchange for the assignment of two shares from the old bank (B), or through the purchase of shares of the target bank through the Iraqi market for securities against the issuance of certain loan bonds, (Saleh, 2012:46), (mohammad, 2014:155), (Casual, 2010:24-25).

This option is achievable through the following stages:

Stage 1: Determining the value of the merger:

$$VAB = VA + (VB + \Delta V) \dots\dots\dots (5)$$



As:

VAB: The total value of banks A and B after merger.

VA, VB: Bank A, Bank B.

$V \Delta$: net value achieved after the merger.

Stage 2: Determination of the cost of cash for the bank A:

$$COSTA = VSA = P1A * NSA \dots\dots (6)$$

As:

COSTA: Cost of acquisition of cash for the merchant.

VSA: The total value of shares of Bank A.

SP1A: Bank A share price at closing.

NSA: Number of shares of Bank A.

Stage 3: Determining the number of shares issued by the bank A:

$$VNSA = COSTA / P1A + NSA \dots\dots\dots (7)$$

As:

VNSA: Total value of shares to be issued by Bank A.

Stage 4: Estimated cost of the target bank (B):

$$COSTB = VB / SP1A * VAB / VNSA \dots\dots\dots (8)$$

As:

COSTB: The cost of the target bank (B).

VB: Target Bank Value B.

VAB: The total value of banks A and B after the merger.

SP1A: A share value for bank A at closing.

VNSA: Total value of shares to be issued by Bank A. Equation (8) is achieved by dividing the output of equation (5) by the result of equation (6), then multiplying their output by dividing by dividing the value of bank (B) by the share price of bank A at the close.

Stage 5: Determination of the net present value of the target bank B:

$$NPV = VB * - COSTB \dots\dots\dots (9)$$

As:

NPV: The net present value of the target bank B, the amount of realized profits or losses resulting from the merger.



Equation (9) is produced by subtracting the value of equation (2) from the value of equation (8).

The options available for banking integration between banks were the same as research:

1. Gulf Commercial Bank with Sumer Commercial Bank
2. Gulf Commercial Bank with Bank of Baghdad.

The estimates of the analysis of the synergy of banking integration have emerged according to the following stages.

Table (1) Net profits, value of investments and cash flow value of banks before and after the merger (thousand dinars)

Directory of Companies Iraq Stock Exchange 2015

synergy integration	Net merger NPA	Extinction DEPA	Cash flow CFA	Net profit NPB	Extinction DEPB	Cash flow before merger CFB	Cash flow after merger CFAB	Average growth rate G
Gulf & Sumer	295867	463167 74	492686 41	280310 76	42087 82	32239 858	85583 923	0.05
Gulf & Baghdad	295867	463167 74	49268 641	28491 734	14029 911	4252 1645	9637 9800	0.05

It is clear from Table (1) that the value of cash flow after the merger between the two banks Gulf and Baghdad amounted to (96379800) thousand dinars, which is greater than the value of the cash flow of Gulf Commercial Bank and Sumer Commercial which amounted to (85583923) thousand dinars.

Table (2) The value of the banks (A) and (B) before the merger of the banks and after it according to the analysis of synergy (thousand dinars)

Inclusion cases	The value of the syndicated bank VA	Embedded Bank Value VB	Value of the two banks after the merger VAB	Net value achieved V Δ	Mergers arrangement
Gulf & Sumer	61542721	40272632	106905070	5090717	2
Gulf & Baghdad	61542721	53114875	120390476	5732880	1

Source / Iraq Stock Exchange data 2015 and the use of analysis of synergies



Table (2) shows that the net value achieved after the merger between the two banks, Gulf Business and Bank of Baghdad, amounted to (5732880) thousand dinars, the largest value of the second merger between the Gulf Business and Sumer Commercial Bank, which amounted to (5090717) thousand dinars, The table above shows the sequence of the two banks' mergers in achieving the highest value.

Table (3) Risk Free Rate of Return, Market Portfolio and Discount Rate for Banks Sample Study (thousand dinars)

Bank name	Rate of Return	Return Portfolio	Bonus	Beta coefficient	Discount rate
Gulf	0.06	0.13	0.07	0.38	0.08
Sumer	0.06	0.13	0.07	0.49	0.09
Baghdad	0.06	0.13	0.07	0.41	0.09

Source / Data of the Iraqi market for securities 2015.

Table (3) shows that the return of the RM market portfolio for all the banks listed in the Iraqi market for securities in the research sample is equal to (0.07). The discount rate D was positive for all the sample banks and the highest discount rate was in the two banks (Sumer Commercial, Baghdad) (0.09) This indicates that the two banks tend to increase risk in the case of going into the policy of investment and borrowing, unlike the Gulf Arab Bank, the lowest tendency to risk. Beta Bi is a measure of systemic financial risk ranging from 0.38 to 0.49 to Sumer Commercial Bank and Commercial Bay, respectively. Bank of Baghdad was between the two ratios. This shows the correlation with the discount rate as the risk of Sumer Commercial Bank and its decline to Gulf Commercial Bank To invest in the merger for low risk.

Table (4) Results of analysis of the cost of the merger owned by cash (thousand dinars)

Case	The value of the syndicated bank VA	The value of the merged bank VB	Value of the two banks after the merger VAB	Cost of merger COSTB	The value of the merged bank after its merger VB	Net present value achieved after the merger NPV	The value of the two banks after the merger VAB
Gulf & Sumer	61542 721	40271 632	10690 5070	55.426	45362 349	45.362	61.542
Gulf & Baghdad	61542 721	53114 875	120390 476	8.232 94	58847 755	58874 746	67427 497

Source / Iraq Stock Exchange Data Corporate Directory for 2015.



Table (4) shows the value of Gulf Commercial Bank and Baghdad after the merger VAB is larger than the value of the Gulf Commercial and Sumer Commercial banks the value before the merger is less after the merger. As well as the NPV estimates of the NPV were positive for all mergers but the highest value was between the Gulf Bank and Baghdad.

Table (5) Net present value according to the analysis of the merger owned by shares (thousand dinars)

Case	The price of the bank's shares SPIA	Number of shares of the Bank NSA	COSTA	Total value of shares to be issued VNSA	Cost of the target bank COSTB	Net present value NPV
Gulf & Sumer	0.73	21.49 64	15.69 2372	42.9928	137176 21	9027116
Gulf & Baghdad	0.73 67	21.49 2372	15.69	42.9928	2.03746 2573	120390474

Table (5) shows that the highest net value achieved after the merger is owned by the shares of the two banks, Gulf Commercial Bank and the Bank of Baghdad, while the lowest value between the two Gulf Commercial Bank and Sumer Commercial.

Table (6)

Net present value after the bank merger according to the analysis of synergy and owned in cash and owned by shares

Case	Net present value after consolidation on a synergy analysis	Net present value after the merger on a cash basis NPV	Net present value on equity
Gulf & Sumer	5090717	45.362	3027116
Gulf & Baghdad	5732880	58847746	12039074

Table (6) shows that the analysis of the synergy and the analysis of the total cost of cash and shareholdings from the table above. The merger between the Gulf and Baghdad banks achieved net value after the merger of the Gulf and Sumer commercial banks, Baghdad is achieving the highest value.



Conclusions:

1 - Despite the large number of studies on the integration and the phenomenon of banking integration in the world and the Arab countries, but Iraq has not been to implement the process of banking integration, but remained just studies and formations of teams to study the reality of banking.

2- The banking integration is a double-edged tool, one of which addresses the financial failure of the bank. The second limit increases the ability of banks to compete through a large volume after the merger process, as well as increasing its resources, reducing expenses and increasing banking spread.

3 - The structure of the Iraqi banks show the control of government banks in terms of possession of assets in comparison with private banks, and more than that control of the two banks are Rafidain and Rashid on the process of deposits and loans.

4 - The process of banking integration is one of the ways used by banks to increase their financial resources and the transfer of experience and skills between employees and improve the banking service.

5- The results of the research showed that the merger between the banks in the research sample is the best and the highest value after the merger between the two banks Commercial Gulf and Baghdad in all variables of net present value of the acquisition in cash or shares.

Recommendations:

1- requires the monetary authorities in Iraq to issue laws governing the process of integration in government and private banks.

2- Apply the incentive system to employees in banks as well as stimulate banking departments to compete between banks to maximize their resources and reduce their costs.

3- Abolition of some laws that stand in the process of banking integration, for example tax exemptions, as well as encouraging individuals deposits in private banks and urged the latter to increase the capital banks, which prompts them to increase the turnout of the merger.



4 - Accelerate the process of banking integration, which has a return on the improvement of banking operations and the creation of a shopping market for banking services.

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***The Impact of Earnings Management on The Firm Value:
An Applied Study In A Sample of Iraqi Private Banks***

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Abstract:

The research aims to examine the impact of earnings management practices on the firm value. The sample of study consists of 10 Iraqi private banks listed in Iraq Stock Exchange using data collected from the annual reports of the sample banks for the period between 2006 to 2015. the software package Spss is used to examine the data and to infer the conclusions. The results indicate that the earnings management practices have an influence on the firm value the sample banks by conveying a good image about the profitability power of the bank to the potential investors. The results also indicate that the earnings management practices stem from the flexibility that existed in the accounting standards, which permit to accountants to choose among a several alternatives of the measurement. In addition, the earnings management represents an intentional intervention in the accounting and reporting processes in order to change the perception of the stakeholders about the reality of bank's profitability, and in turn lead to increase market value of the bank. The findings of this study can be used as guideline to investors for detecting the cases in which the earnings numbers managed in order to provide a real evaluation of the bank listed in stock markets.

Key words: Earnings management, firm value, profitability, stakeholders.

1- Problem of the research:

Some companies apply practices of earnings management in order to enhancing earnings consequently gain a lot of shareholders or to reduce their earnings in order to flee from tax paying, whereas, earnings management means using the gaps exist in the accounting policies that work on showing the best view of the bank, it is worth to mention that the banks administrations tend to rapid short-term earnings in order to enhancing their own benefits which are mostly planned against benefits of shareholders represented by magnifying the value of the bank in long term, continuity of earnings and their permanence.

We can brief the problem of the research by the following queries :



- a. What is the type of the earnings management (by decrease or increase) that has been practiced by the private Iraqi banks that are enlisted in the Iraqi stock exchange markets?
- b. Are there differences with significant statistical evidences between the book amount for the principles of Iraqi banks and the market value?
- c. How much does earnings management impact upon the bank value?

2- Importance of the Research:

The importance of the research comes from the fact that it deals with an important side which is earnings management and how much it influences upon the value of the bank via the manipulating processes done by this practice in the fiscal lists published by the banks, consequently influence significantly upon the materialistic status and their value in the market.

3- Aims of the Research:

Aims of the research are represented in the following point:

- a. Illustrating the concept of earnings management.
- b. Briefing the practices of earnings management.
- c. Testing how much the earnings management influence the value of the bank.

4- Hypotheses of the research:

Hypotheses of the research emanated from the problem and aims of the research and could be briefed as follows:

- a. private Iraqi banks management commonly rely on earnings management by increment.
- b. Decrease of book value of private Iraqi banks from the market value significantly.
- c. There is a statistical evidence effect between the practicing of earnings management and bank value.

5- Literature Review :

In this section we will brief the previous studies pertained the research problem:

- a. Study of (Al- Mashhadany and Al-Fatlawi, 2012) entitled with " Accredited Approaches In Measuring Earnings Management Of Companies And Effect Of Governance Techniques In Commuting Them" , this study tackled with how much using of the companies governance in reducing the process of earnings management due to



fact of most companies resorted to the policy of earnings management via manipulating the gaps existed in banks rules to manipulate the numbers found in fiscal reports, using indexes of stock exchange association in China plus using Jones pattern that is used in measuring the earnings management, the study has come up with the existence of a significant effect of applying companies governance in reducing the practicing of management for earnings management.

- b. Study of (Abdullah and Tawfeek, 2012) entitled with " The Concept Of Accounting Equity And Role In Reducing The Practices Of Earnings Management".

This study tackles illustrating the accounting equity in accounting career due to the huge role in reducing the styles of earnings management, the study has come up with reducing practicing of earnings management embodied in the proper application of the role of equity in the accounting, and abide employees of bank with this policy would avoid the future bankruptcy.

- c. Study of (Ibrahim and Haroon, 2016), entitled with " Judicial Accounting And Its Role In Limiting The Practicing Of Earnings Management In Markets Of Al-Khartom" .

This study tackles a punch of procedures that are based on judicial accounting to discover the used styles of earnings management that have a significant influence upon the fiscal reports, the study also has come up with that there is a big and active role for the judicial accounting in reducing using the earnings management via providing the legal consultancy for companies after raising efficient data and through which we can discover any improper practice related with the fiscal corruption cases.

While, for the position of current study within the previous studies, each study has tackled with an independent subject from the other to deal with the relation with companies governance, other study dealt with it's role with accounting equity, other study dealt with earnings management with judicial accounting, hence, all previous studies didn't tackle with the subject of practicing earnings management and its influence upon the bank value which we are going to study it in this chapter.

6-The Theoretical Side :

6-1: Concept of Earnings Management.

There are many definitions to the earnings management being defined by (Al-Daur and Abid, 2009, 823) as it is :



Choosing to a group of methods and procedures that used by the bank to achieve specific goals via using the available flexibility in the accounting policies in order to influence the financial lists in purpose of misleading the shareholders from the work of the bank or influencing the data that show up in these reports, while it is defined by (Iesa, 2008: 13) as it is an practice done by managers purposely in order to get a personal earning via misleading the users of accounting information, while (Fadawy:121) tended to identify it as " An activity done by the management when doing financial reports in order to influence the profitability of the bank by decrease or increase" , also was defined by (Marai & Pavlovic, 2013:40) as it is the using of managers to the personal decision when they prepare the financial reports in order to misleading the projects owner from the real economic status of the company or to manipulating the accounting numbers that contractual results depend on" .

The research sees that earnings management means exploiting the gaps existed in the accounting rules and use them for the behalf of the bank to reflect a good picture about the economic and financial reality of the bank to attract more shareholders.

6-2: Aspects of Earnings Management.

It is easy to illustrate the aspects of earnings management via the following points (Mulford &Comiskey, 2002:3):

- 1- Hostile accounting : It is application of accounting methods and policies for main purpose of earning earnings regardless the safety and health of these policies and accounting procedures.
- 2- Deceiving financial reports: It is defined as offering reports from the financial head center of the organization via invalid financial database by omitting and not clarifying the real financial database in order to mislead the users of the reports and financial lists.
- 3- Innovative accounting: It is a process that employs the accountants for their experiences in the accounting policies and rules in order to manipulate in the obtained numbers and financial reports related to the organization.
- 4- Decorating the income: it is an accounting manipulating aimed to improving the shape of the income of the financial periods via transferring the high rates of income during past periods to another periods where the income is weak, to let the users be convince that the income is very well of that company, to show that the organization is able to preserve their incomes regardless the surrounding circumstances.
- 5- Practicing styles of innovative accounting : It is using procedures and practices rather than those which are used in proper and valid procedures



and practices in order to obtain unreal earnings via manipulating the values of expenses and revenues.

6-3: Styles of earnings management

Styles of earnings management are represented by (Jasim and Mohammed, 2011: 452-455).

1- Accounting policies: means changing the applied method in the accounting practices like changing from the method of : Using the method of income is first outward is first to income instead of the method of outward is last income is first, and being careful that the modified accounting policy should not contradicted with the generally-accepted accounting principles, and the bank should continue in his new policy for a certain period.

2- Basis of merit : The basis of merit is represented by the accounting processes that happened during the year like increasing in the origins, commitments and incomes to apply the principles of comparing the incomes with the expenditures.

3- Personal estimation: Personal estimation is considered one of the reasons that lead the administration to the use of earnings management, it influences when using the financial reports and being the main reason of using it is to obtain agreements with another group of companies, or to give an improper picture for the concerned individuals about the economic reality of the bank.

4- The relative importance : the relative importance is considered very important due to it intervenes in all accounting practices due to it's significant influence upon the showing of data base that show up in the fiscal reports notably against the items of expenses and incomes.

6-4: Motivations of Earnings Management.

There are many reasons that push the companies to resort to earnings management to mention some of them: (Abo Ajila and Hamdan, 2001: 7), (Jabbar, 2016: 11) .

1- Motives of the financial market: Most of investors and market dealers need always the accounting information in order to knowing the share prices, so, in this respect, some managers try to manipulate some financial reports to magnifying the value of shares to attract more investors.

2- Contractual motives: According to the theory of agency that based on several contractual relations, they are emanated from many problems between the management and the shareholders so these contracts have



been used in order to subsidizing the tension between the management and shareholders.

3- Organizing motives: Some managers tend to use the earnings management to make use of the rules that company deals with, these rules either be special for banks like the requirements of achieving the capital, or a general like the legislations of fighting the monopoly that have main goal of reducing the intervening of the government in the work of these companies or acquiring the supports from the government.

6-5: Methods of Earnings Management :

The management used many methods that influenced upon the earnings, one of these methods are: (Shaheen , 2011:9)

- 1- The management works on magnifying the earnings via reducing debts that are suspected to be obtained by reducing the ratio of their obtaining when it comes to classify them.
- 2- Classify some expenses like maintenance as a capitalistic expenses and then being added to amount of earnings.
- 3- Not registering the processes related with selling the findings or stock exchanges in the same date of selling and then that would influence the amount of annual earnings.
- 4- Sometimes the managers intend to evaluate the store stocks with high market values when they apply the equation of cost or market which one is less in order to magnifying the earnings.
- 5- The management works on increasing the productivity age of the findings that works on reducing the annual extinction installment.

6-6 : Risks of Earnings Management:

When the management works on using practices of earnings management so there will be some risks may influence upon the bank we mention some of them :(Al-Ashkar 2010: 34-35)

- 1- External risks of the bank: These risks may be political, economic or public risks, showing the earnings in the financial report in improper way will lead to an increase in the taxes consequently influence the distribution of earnings, in return when the administration used this kind of earnings management may lose some of the clients confidence and then that will extend to another banks.
- 2- Internal risks of the bank: These risks are represented by the risks that influence the bank internally, the practicing of the bank to the earnings management may result in losing some shareholders and then rising of expenses related with capital and losing the competition privilege,



increasing of requests of the shareholders to pay their funds which leads the bank to lend from other to pay them.

6-7: Measurement of Earnings Management.

There are many ways to measure the earnings management can be listed as follow: (Humaidy, 2011: 76-86)

1- Optional Payments Method: Based on comparing the annual expenses against the annual revenues of each bank to know the result between them of profit or loss, using this method , due to the flexibility in work of it , so it gives a wide space to the bank to use the personal opinion and estimations which lead to easy application of earnings management by the administration, samples of this method (1985 Healy, 1991 Jones, Industry model, 1986 De Angelo).

2-Method of contrast factor: This method of measuring earnings management depends upon a hypothesis of that the profit is a linear function of another variable, as the measurement done by opposing the profit against the contrast of the another variable to find out if there is earnings management or not, some of these samples are (Eckel 1981, 2001 Chaney and Lewis).

3-Miller method 2007: This method is used in measurement of earnings management, by which we can discover the banks that intentionally rely by its management on intervening the process of determining the periodic profit, this method is represented by measuring the relation between the change of the active capital against the change of the monetary supply from the working activity, and comparing the result of the current year with the same relation for the previous year, if the result be zero means the bank doesn't practice earnings management, while if the result was not zero means the bank practice the earnings management.

4- Method of voluntary items: This method based on testing a punch of styles that are used in earnings management to reduce the unexpected deviations in the profit like (Abnormal items, sample of measuring, 1976 Baranea and Sadan and Ronen, 1975 Sada and Ronen , change in the used styles in the accounting processes, samples are, 1987 Moses, 1996 Inoue and Herrmann) .

6-8: Effect of Earnings Management upon the Bank Value.

earnings management is considered one of the method that company resort to in order to manipulating the data shown in the financial reports that face vast concern by shareholders and clients, to give a shining face of these report and show numbers that reflect high earnings scored by these banks in order to attract the shareholders to deal with such banks, consequently the bank value will be higher when they show such reports,



therefore the bank value get influenced by cheating and manipulating that are used by the bank management that exploit the gaps exist in the accounting applications and policies.

7-Practical Side:

Measurement of the research variables

First: - Independent variable (earnings management).

Second:- Dependent variable (Bank value).

Third: - Controlling variables.

- 1- Capacity of the bank.
- 2- Financial carrier.
- 3- Age of the bank.

Table (1) Statistical description of research variables.

	N	Minimum	Maximum	Mean	Std. Deviation
Earnings management	99	-29.7960-	24.2410	.087677	5.2114608
Value of the company	99	-.5310-	4.6680	.314152	.8305569
Capacity of the company	99	10.432	12.262	11.44922	.400528
Financial Carrier	99	.245	826.730	8.98643	83.025150
Age of the company	99	52	275	158.89	54.259
Valid N (listwise)	99				

8- Results of testing the hypotheses :

First hypothesis :

In order to test this hypothesis, we divided the banks of the samples into two groups based on Miler index for earnings management as follows:

- First group included the views of earnings management by decrease , were (48) view and has been given (0) number.
- Second group included the views of earnings management for increasing and were (51) views given the number (1).

Using the statistical analyzing (Binomial), the results of the tests was as follow :-

Table (2) Binomial Test

	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Earnings Management	Group 1	0	48	.48	.50
	Group 2	1	51	.52	
	Total	99	1.00		

a. Based on Z Approximation.



From above mentioned results, we noticed the level of incorporeal of test was (0.841) and it is much higher than the acceptable mistake in the social sciences which is (0.05), so the hypothesis will be refused.

Second hypothesis :

In order to test this hypothesis , sample banks been divided into two groups based on the value of the indication (Q) to measure the value of the bank as follows:

- First group includes the views where Q value was <1, 90 views and given the number (0).
- Second group includes views where Q value was >1 , 9 vies , given the number (1)

By using Binomial statistical analysis , results were as follow:

Table (3) Binomial Test

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Company value	Group 1	1	9	.09	.50	.000 ^a
	Group 2	0	90	.91		
	Total		99	1.00		

a. Based on Z Approximation.

We can noticed that the corporeal level of the test was (0.00) and it is much less than the acceptable mistake level in social sciences which is already determined as (0.05), hence this theory is acceptable.

Third hypothesis :

In order to test this hypothesis , we created the following statistical sample :

$$Q_{it} = B_0 + B_1 \text{ Earning } M_{it} + B_2 \text{ Size}_{it} + B_3 \text{ Lev}_{it} + B_4 \text{ Age}_{it} + \varepsilon_{it}$$

As :

Q_{it} = Bank value.

E_{it} = Earnings management of the bank.

$Size_{it}$ = Bank size.

Lev_{it} = Financial leverage of the bank.

Age_{it} = Age of the bank.

E_{it} = Estimation mistake.



By using the statistical analyzing program SPSS, results were as follow:

Table (4) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.387 ^a	.15	.113	.7821116

a. Predictors: (Constant), Company capacity, Financial leverage, Earnings management, Age of the company

Table (5) Contrast

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.103	4	2.526	4.129	.004 ^a
Residual	57.500	94	.612		
Total	67.603	98			

a. Predictors: (Constant), Company capacity, Financial leverage, Earnings management, Age of the company

b. Dependent Variable: Value of the company

Table (6) Treatments

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.371	3.096		2.058	.042
	Earnings management	-.003-	.015	-.018-	-.184-	.854
	Capacity of the company.	-.489-	.291	-.236-	-1.680-	.096
	Financial leverage.	.001	.001	.054	.558	.578
	Age of the company	-.003-	.002	-.188-	-1.334-	.185

a. Dependent Variable: Value of the company .

The model summary shows the dual correlation factor (R) between the two variables is (0.387), while specifying factor is (R square) is (0.15), i.e. , 15% of the change in the dependent variable (bank value) attributed to the change in the independent variable (earnings management), also we noticed that the Std. Error of the estimate was (0.782) and it is a tiny value, the decreasing in such kind of mistake, the less mistake of estimation.

The ANOVA table showed Mean Square of Residuals is (0.612) and it is the average of mistake of estimation, F value is (4.129) and it is higher than tabular value of (1.93), evidence level is (0.004) and representing the sample reliability or what is called (P-Value), this evidence is much less than the acceptable mistake in the social sciences which is defined already as (0.05), hence this hypothesis is accepted.

The table of coefficient of the declination function above mentioned, that the equation of slope was as follow:



Bank value = 6.371 – (0.003x Earnings management) – (0.489 x Bank size) + (0.001x Financial leverage) – (0.003 x Bank age)

This equation showed the relation between the research variables by the coefficient (B).

Negative value of B2 refers to the reversal relation between the independent variable (Earnings management) and the dependent variable (Bank value).

9- Conclusion

This study aims to examine the impact of earnings management practices of the firm value of Iraqi private banks. The sample banks of 10 private banks listed in Iraq stock Exchange using a data extracted from the annual reports of the sample banks during the period from 2006 to 2015. The results indicate that earnings management practices seek to gain the confidence the stakeholders through the earnings numbers reported in the financial reports. The results shows that the earnings management have an influence on the firm value of the banks by the supporting the market values of their shares. In addition, earnings management behavior is a personnel decision of the bank's management to convey a good image about the performance of the bank to the stakeholders. The findings of the study also states the earnings management is an outcome of the flexibility of accounting standards permits to the companies to manipulate the earnings between the periods. Finally, this study provides a guideline for stakeholder in general and the investors in particular to discover the states in which a potential bias or intentional intervention to improve the bank value by the improving the earning figures.

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***The Job Satisfaction and its Effect on Employee's Productivity:
An Analytical Study of Opinions of a Sample of Employees
in Self-Financing Companies in Diwaniyah Governorate***

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Abstract

The goal of this research is to focus on the subject of job satisfaction for the employees of the self-financing companies in Diwaniyah Governorate in order to measure the effect of this variable on the productivity of the employees of the self-financing companies. A random sample of 150 employees was selected with 50 employees in each of the three companies (The textile laboratory, the rubber factory, the dairy factory). The researcher adopted a questionnaire that was counted as a measure in this research, distributed to the sample members, and (129) valid answers were retrieved. In order to analyze the results and choose the offers, The research reached some conclusions, the most important being the level The job satisfaction of women workers is higher compared with the level of job satisfaction among male employees, and the levels of production with satisfaction and the conditions surrounding the work are closely and uniformly linked. In addition, the research presented some recommendations. The most important is the need for the Ministry of Industry to assume greater importance for job satisfaction In particular, companies operating in the province of Diwaniyah because of their significant impact on increasing their productivity on the one hand and achieving higher levels of industrial development in the country.

Key words : The Job Satisfaction , Employee's Productivity , Self-Financing Companies.

1. Introduction

The Iraqi industrial sector witnessed a significant deterioration during the period leading up to 2003 (especially the period of economic siege imposed on the country at that time). The Iraqi industry was not better after this year (2003) than in the previous period. Other conditions prevented the improvement of production levels In the local industry and



suffer many problems as well as the low wages of workers in these companies, which are known as self-financing companies, which in turn reflected on the decline in production of workers also came in the current research examines the method of scientific analysis of the impact of satisfaction of workers in the productivity of self-financing companies, The most prominent causes of this phenomenon, which have been affected in recent years because of the country suffers from the state of low oil prices, which is the main source of economic income (budget), this make them pay attention to administrators and researchers and find ways to address them and make the necessary recommendations and recommendations on them to the management of those companies.

The first topic: Research methodology:

Firstly : the research problem:

Through the field visits conducted by the researcher for self-financing companies operating in Diwaniyah Governorate (textile factory, tire factory, dairy factory) and to get acquainted with the reality of the situation in the productive departments and hold some meetings with some of the employees on the subject under study. To the problem of research uncertainty of the degree of satisfaction of workers and their impact on production and the implications of that on their performance and the adoption of the market on the output of these companies, on the other hand to crystallize the following question:

- Is there an impact on the satisfaction of laborers in self-financing companies (under consideration) in their productivity.

Second: The importance of research:

The importance of research is that it deals with one of the subjects that is one of the critical success factors of the organizations, especially the productive ones, because they are closely related to the morale of the employees and the impact on their productivity. The managers are aware of the importance of the subject of employee satisfaction and to a large extent, especially in organizations with successful performance, , Because it has a great impact on their motivation to work, and to provide the best performance they have. And that the importance of this study is illustrated by bridging the gap in job satisfaction among workers in self-financing companies and their impact on their production:



Third: Research Objectives:

The research aims to:

- 1- To identify the job satisfaction of the employees in these companies.
- 2 - Identify the levels of productivity of workers.
- 3- Identifying the effect of employee satisfaction on productivity.
- 4 - Identify the functional basics related to the level of job satisfaction in the employees (salaries, job security, working conditions, relationship between presidents and subordinates, promotions and incentives).

Fourth: The hypotheses of research: The research starts from two main hypotheses:

1. There is a statistically significant relationship between employee satisfaction and productivity.
2. There is a significant impact of the satisfaction of workers in self - financing companies (under consideration) in their productivity.

Fifth: The place of conducting the research:

The General Company for the Rubber Industry, and the General Dairy Company in Diwaniyah Province, one of the Ministry of Industry and Minerals in Iraq.

Sixth: The Research Sample:

150 employees were selected as sample workers in the self-financing companies in the province of Diwaniyah. The sample of the sample was (129) employees from these companies, who are distributed in terms of administrative titles, observers, people, units and employees.

Seventh: Previous Studies:

- Darwish Yusuf Study (1999) ((Analysis of the relationship between satisfaction with internal and external justice and the level of actual physical return of the job, organizational loyalty and job performance)

Which was conducted on a sample of (567) employees in government institutions in the United Arab Emirates, which found that satisfaction with the external justice of the material return from the job as well as satisfaction with the level of actual material return affect positively in organizational loyalty, while satisfaction does not affect Internal justice of the material return of employment in organizational loyalty.

- Study of Fouad Al-Omari (2000) ((job satisfaction in the public bodies in the State of Kuwait comparative study)).

(501) found a difference between the grades of job satisfaction according to the work environment, the management methods and the expectations of the employee from his job, and the personal characteristics such as (gender, scientific qualification), which were conducted by two independent governmental bodies represented by the General Authority for Minors Affairs and the General Organization for Social Insurance. , Functional factors (number of years of experience, and career level) have no clear effect or slight impact on satisfaction responses among sample members, except for gender, females were less satisfied than males with regard to promotion opportunities.



The second topic: theoretical framework

1. The Job satisfaction:

Job satisfaction is defined as an internal state of the human being that contributes to the creation of feelings and positive attitudes towards work, as it is a set of beautiful feelings (acceptance, happiness and enjoyment) that the employee feels the same direction and function and the institution in which he works and which turns his life and then his work into real fun.

Or that the degree of satisfaction of the individual that makes him satisfied with his work is receptive to him and achieve his aspirations and desires and professional tendencies and proportionate to what the individual wants to work and what he gets in reality (Abdel Salam, 2005). The Job satisfaction is usually influenced by several factors, the most important of which are personal factors such as age, level of education, factors related to the circumstances of the individual's lifestyle, the nature of his work, the salary he receives, working hours and the nature of the relationship with his colleagues and bosses. The interest in job satisfaction began at the beginning of the twentieth century, There is a difference about defining a specific definition or concept for this term because it is related to the feelings of the individual and is often difficult to interpret because it is exciting to change the feelings of individuals in different situations.

There have been many definitions of the concept of job satisfaction, which led to differences and mismatches in some cases due to several reasons including:

- Confused by researchers between the concept of job satisfaction and other concepts such as morale, trends and tendencies.
- The difficulty in defining a comprehensive definition of the concept of job satisfaction as it relates to the emotional aspect of human life.
- The complex and interrelated interaction of factors that can affect satisfaction, man is affected by the surrounding environment and cannot be fragmented.

"All the theories of motivation, motivation and some of the theories of need are that getting more than what he wants makes him more satisfied and satisfied," says Keller. "The degree of satisfaction is the difference between what one actually achieves and what one aspires to achieve" (Nasser, 1999) , 190).

2 - Factors affecting job satisfaction:

Some believe that job satisfaction has different aspects and components that lie in the content of the job and its organizational conditions and factors that directly affect or work to find job satisfaction and determine the extent of:

- Self-factors related to the workers themselves.



Regulatory factors related to organization, conditions and conditions of work.

- Factors related to the environment and other systems in which the organization is organized or dealt with.

3 - Measuring Job Satisfaction:

Job satisfaction represents a range of intangible feelings and sensations, so the ability to recognize them is not easy. Overall, there are two types of job satisfaction measures: (Al Dosari, 2010, 44)

- The Objective measures: In this type, job satisfaction is measured through behavioral effects such as employee absences and leaving the service.

Self-Metrics: It measures direct satisfaction but self-assessment techniques by asking individuals about their feelings about different aspects of work or how satisfied they are.

4. Productivity:

The concept of productivity is often mixed with other concepts such as efficiency, which means the proportion of the organization's resources (physical, human, technological, informational) that contribute to production during the process of manufacturing, efficiency and means the use of the resources of the organization to achieve its goal And more commercial than the non-profit establishment (Abdul Khaliq, 1982, 29). The difficulty of determining productivity has been reflected in the method of measuring and evaluating the productivity of government employees in general. Some of the traditional measures of productivity in the government sector have been dominated by actual output, labor volume and level of service.

And the production of the self-financing companies belonging to the Ministry of Industry and Minerals linked to many of the stimuli, data and circumstances surrounding the workers in Iraq and the extent of their awareness of the attitudes and trends and tendencies and their association with the economic situation of the state in general and the legislation related to staff and the availability of administrative competences and communication as well as social problems such as nepotism and weak incentive system.

And the weakness of product marketing in these companies and the lack of acceptance of markets for products and the use of products neighboring countries or others, such as China as an alternative to the national product of the factors that negatively affect the revenues of these companies and thus on the financial returns through which the salaries and incentives are provided at the present time and the employee's confidence in financial inputs Provide adequate and simple livelihoods (such as food, drink, rent,



and other essential items), as well as other recreational aspects of private transport and a guaranteed living space for all.

The third topic: The applied part

3.1 The Research Methodology:

The descriptive approach refers to the expression of the phenomenon to be examined as it is in fact quantitative and qualitative (Hamdi, 1996, 114). This research will use the description, analysis and interpretation of job satisfaction and its impact on the productivity of some self-financing companies in Diwaniyah.

The researcher relied on the field side to collect and analyze the data related to the field study by means of the questionnaire collected to serve the subject of the study and was distributed and collected to analyze and interpret the effect between them. The sample was distributed to 150 employees in these companies (50) (Male, female) and mostly women for ease of dealing with them by the researcher, and was canceled several forms for not answering fully or repeat the answer to one alternative and not resolve the answer to most of them where it became Eye. After the exclusion of non-valid (129) form.

3.2 Questionnaire:

The researcher has relied on the questionnaire or questionnaire on job satisfaction and productivity of the employees in these companies in several procedures including:

3.2.1 Validation of the questionnaire (job satisfaction):

This questionnaire was prepared by the researcher in its initial form through the use of literature, studies and scientific sources that were able to be obtained in the field of study and were presented to some specialists through personal interviews regarding the psychological aspect of job satisfaction and making some adjustments and their comprehensiveness to achieve the goal to be studied. (5) at the level of significance (0.05) and the degree of freedom (1) indicating the veracity of the questionnaire and the possibility of its dependence on the study sample.

3.2.2 Stability of the questionnaire:

The validity of this questionnaire was verified through the distribution of (15) form for the employees of these companies and the study community. They were redistributed over the same sample after (7) days and through the use of the simple correlation law (Pearson) (0.05) and degree of freedom (28). This indicates the stability of the questionnaire and its applicability to the study sample.

3.3 Statistical Methods and Methods of Research:

The data was statistically processed through the Statistical Pouch (SPSS), issued 20, and the researcher used the following statistical methods:



- The arithmetic average for the extraction of the average order of each of the terms of the study axes, the standard deviation and percentages for each of the areas of the questionnaire.

The standard deviation measures the dispersion range of the responses for each statement. The researcher followed the following measurement in this study:

- A standard deviation of less than (1) means concentration of responses and non-dispersion of mean responses, indicating that there is a convergence of responses in the majority.

- The standard deviation is greater and equal (1) means that the responses are not concentrated and dispersed and indicate the divergence of responses. The majority of respondents from the sample are from the content of the phrase.

Correlation coefficient (Pearson).

- Test (T) to derive differences related to variables and level of job satisfaction.

- Use the square (kay).

- The Lycart scale was used for terms related to production from (26-31) and the remainder from (22-40), and used the scale of the (Thrextan) and the mean arithmetic mean as follows:

1. The average (3.5 - 5.0) indicates the high importance of the content of the phrase.

2. The average (2.5 - 3.5) indicates the intermediate importance of the content of the phrase.

3. The average of less than (2.5) indicates the weak importance of the content of the phrase.

The fourth topic: search results

4. Characteristics of the research sample:

4-1 Gender:

Table (1) shows the distribution of the sample according to gender

Gender	Repetition	Percentage
Males	81	62.790%
Females	48	37.210%
Total	129	100%

Table (1) shows the distribution of the sample according to gender, which amounted to (129) employees. The researcher found that the majority in the sample are males (81), 62.790%, females 48 and 37.210%. In these companies the ratio is considered logical.

4-2 Age:

Table (2) shows the distribution of the sample according to age

Age	Repetition	Percentage
Less than (20) years	-	0%
From (20) - (29) years	16	12.403%



From (30) - (39) years	38	29.457%
From (40) - (49) years	45	34.884%
From (50) years and above	30	23.256%
Total	129	100%

In Table (2), the sample was distributed according to age. The highest percentage of employees was aged (40-49), 45 recurrences (34.884%), because they were not recruited in recent years because these companies are not productive. The majority of employees after the political separation or leaving work in that period, we notice that the largest percentage of the period (30 - 39) years by (29.457%) and then (50) years by (23.256%) and most of them in retirement.

4.3 Academic Qualifications:

Table (3) shows the distribution of the sample according to the scientific qualification:

Scientific qualification	Repetition	Percentage
Primary	45	34.884%
Intermediate	33	25.581%
Secondary	37	28.682%
Bachelor degree	13	10.078%
Higher certifications	1	0.775%
Total	129	100%

Table (3) shows the distribution of the sample according to the scientific qualifications and the highest percentage of employees fall within this qualification is (primary), which is repeated (45) by (34.884%). Note that the other largest proportion of repeat (37) and 28.682% (25.581%). Most of those who were appointed in the previous period, and most of them came to these companies for the very high incentives then, where the monthly salary of most of the state employees did not exceed (3) thousand dinars only The incentives in these companies exceeded (100) thousand with other requirements such as fabrics and others.

4-4 years' Experience:

Table (4) shows the distribution of the sample according to the years of experience

years' Experience	Repetition	Percentage
From (1-4) years	0	0%
From (5-9) years	10	7.752%
From ((10-14 years)	44	34.109%
From ((15-19 years)	43	33.333%
From ((20) years and above	32	24.806%
Total	129	100%

Table (4) between the distribution of the sample according to the years of experience and the highest percentage of working experience falls



within (10-14) and repeated 44 (34.109%) and note that the other largest proportion of (15-19) years by repeating (43) (33.333%) and then (20) years and over with a frequency of (32) and a ratio of (24.806%). This means that the large proportion of occupants of the job of young age, despite the large percentages of other ages.

4-5 Monthly Salary:

Table (5) shows the distribution of the sample according to the monthly salary

years' Experience	Repetition	Percentage
Less than (200) thousand	2	1.551%
From (200) - (399) thousand	15	11.628%
From (400) - (599) thousand	28	21.705%
From (600) - (799) thousand	36	27.907%
(800) thousand and more	48	37.209%
Total	129	100%

Table (5) shows the distribution of the sample according to the monthly salary and that the highest percentage of employees fall within the salary of (800 thousand and over) and the recurrence of (48) by (37.209%) we note that the other largest percentage of salary (600 - 799 thousand) 27.907%) for the periods of years of service in the previous table within the salary scale of the nominal salary and the allowances of the certificate and the spouses and children have improved the salaries of this sample.

Table (6) shows the T test to indicate the differences between job satisfaction and variables (gender, age, school qualification, years of service and salary)

Variables		Arithmetic means	Standard Deviation	Value (t)	Level of significance
Gender	Male	1.13	0.22	3.482	*0.05
	Female	1.21	0.35		
Age	Less 30-39	1.41	0.51	1.627	0.05
	40 years and over	1.29	0.47		
Educational qualification	Medium Qualifications	3.57	0.72	9.413	*0.05
	Good qualifications	2.00	0.43		
Years' experience	14 years and less	1.76	0.47	2.019	0.05
	15 years and over	1.81	0.53		
Salary	400 thousand and less	1.23	0.41	12.711	*0.05
	500 thousand and more	2.92	0.79		

Table (6) shows that the results of work satisfaction by gender for females were found to be 1.21 and 0.35 and 3.82 respectively). The researcher attributed this to the fact that males are responsible and physically committed to their families and society, In some cases, they



have this property if the husband is not employed or does not work in the private or public sector or has special needs.

The mean age difference was (1.41), the standard deviation (0.51), the second age group (1.29), the standard deviation (0.47), the value of (0.47) This is due to the fact that many of the employees of these companies have spent many years in their work and have not achieved what they have done. They want him to be ambitious or tender at work and thus their level of satisfaction is low.

There were differences in favor of those with intermediate qualifications (primary, middle and middle), with an average of 3.57 and a standard deviation of 0.72 and a value of 9.413 at 0.05. Despite the existence of university degrees that fit with the administrative functions in these companies.

In the variance of the years of service, there were no differences between them, where the mean (1.76) and standard deviation (0.47) for (less than 14 years) and mean (1.81) and deviation (0.53) for persons (15 years and above) and value (T) (2.019) 0.05). The researcher attributed this to the low satisfaction in them does not differentiate whether the service is long or less because there are no incentives and job and psychological security in these companies for the decline in production and other factors.

There were differences in favor of the wage earners (500 thousand and more), where the mean was 2.92 and the standard deviation was 0.79 and the value was 12.711 at 0.05. (1993), which dealt with the relationship between job satisfaction and financial return, and found that there is a strong relationship between them.

table (7) shows the arithmetic mean, the standard deviation and the frequency of alternatives to answer the relationship between the superiors and subordinates

No.	Variables	Strongly Agree	Agree	Don't know	Not agree	Strongly not agree	Arithmetic Mean	Standard deviation	Arrangement
1	My direct manager contributes in helping me while I find it difficult	-	13	84	21	12	2.752	1.16	3
2	There is a fair in the distribution of labor duties among employees	2	23	65	18	11	2.666	1.32	4



3	There is clarity in the instructions issued by the administration	43	37	31	11	7	3.768	1.27	1
4	I feel the administration is careful to hear staff proposals	-	8	89	27	5	2.775	1.09	2
5	There is sufficient and appropriate delegation from the chief decision maker to work	-	11	76	29	13	2.659	1.14	5

Table (7) shows the results of the relationship between the presidents and subordinates of the study sample. The overall average of this variable is (2.924). The first rank (there is clarity in the instructions issued by the administration) is an average of (3.768) and a standard deviation (1.27). This paragraph, which indicates that only the official books and instructions that come from the ministry concerned with these companies can be delivered smoothly and follow-up by the administration and the possibility of interpretation of the work, that is, the workers in these companies have only received administrative orders to implement directly without cooperation between management Subordinates and The improvement of the other variables above is due to the status of these companies and their non-productivity and obtaining continuous profits covering the raw materials and incentives for employees to raise the level of pensions and improve production and thus achieve their desires on the various physical, social and psychological levels.

Table (8) shows arithmetic mean, standard deviation, and repeatability alternatives for safety at work

No.	Variables	Strongly Agree	Agree	Don't know	Not agree	Strongly not agree	Arithmetic Mean	Standard deviation	Arrangement
1	I feel the recognition and appreciation of the chiefs for my work	-	17	48	41	23	2.457	1.33	4
2	The method of evaluating performance is correct and fair	7	12	65	33	12	2.759	1.42	2
3	I am pleased to find the cooperation of my colleagues	49	54	17	9	-	4.109	0.883	1
4	The Department is committed to health insurance for employees	2	5	89	14	19	2.666	1.54	3



Table (8) shows the total mean of the terms of this variable (safety at work) at (2.997), and was in the first place (I am pleased to find the cooperation of my colleagues) The researcher attributed this rank to unite between the employees of these companies between them in all aspects, Physical, social, psychological, etc.) to adopt them against each other for the difficult periods during which the recession of the work in these companies and the lack of interest of the state in what they do or production and became their occupation concern (salary) only and the lack of production to enter the market in the recession of the national product And its dependence on external products in all the details of life, and became employees Guardian do not feel safe from superiors or administrators who want positions just to get more than others allocations and lack of attention to slide the lower ones.

Table (9) shows the arithmetic mean, the standard deviation, and the frequency of the answer to the salary

No.	Variables	Strongly Agree	Agree	Don't know	Not agree	Strongly not agree	Arithmetic Mean	Standard deviation	Arrangement
1	I am paid a salary commensurate with my situation	-	13	1	31	84	1.558	1.45	5
2	There are various incentives	-	8	-	51	70	1.581	1.62	3
3	My salary is commensurate with the living requirements	-	4	-	61	64	1.566	1.48	4
4	Salary is appropriate with my colleagues in the same profession	-	6	26	59	38	2.00	1.39	2
5	The salary commensurate with the importance of the work I do	-	3	31	60	35	2.016	1.58	1

Table (9) showed that the job satisfaction of employees in these companies is not satisfied with the salary they receive. The total average of this variable is (1.744), ie the employees are not satisfied with the salary, Indicates that the lack of physical security for them, the human is working against the return of financial incentive and if this revenue is less certainly give it, the successful management must take into account the motivations of individuals and their needs so that the system of incentives and wages appropriate and may be reflected in the level of performance and to the resentment of workers and In several ways (absenteeism, delay in work) Etc.). The driving factors are those whose availability depends on the amount of performance and is directly proportional to that performance (Mohammad Kassem, 1990, 131)



able (10) shows the arithmetic mean, the standard deviation and the frequency of the answer alternatives for the upgrade

No.	Variables	Strongly Agree	Agree	Don't know	Not agree	Strongly not agree	Arithmetic Mean	Standard deviation	Arrangement
1	I have the opportunity to train and qualify for promotion	2	14	85	13	15	2.086	1.36	4
2	The work gives me an opportunity to develop good and better ways to perform my work	-	12	96	16	5	2.891	1.29	2
3	There is justice in obtaining the promotion	-	9	91	18	11	2.759	1.18	5
4	The upgrade is related to efficiency and proficiency	38	47	42	2	-	3.937	1.78	1
5	My work allows me to learn and gain new experiences	-	21	79	20	9	2.968	1.45	3

from Table (10), which means the variable (promotion) with a total average (3.052) and came first (promotion is linked to efficiency and proficiency), as all the above factors in other government institutions may be ranked first for the existence of considerations that achieve this, but these Companies may be non-existent not to send cadres work to the training of special competencies and organs working on them as well as the lack of modern equipment and sophisticated need to such exercises to develop In this aspect, the promotion is competent to the owners of competencies and have the ability to continuous innovation and perform the work at the highest level and development of the wedge This is a standard in which they prefer to upgrade to a higher administrative position.



Table (11) shows the arithmetic mean, standard deviation, and frequency of response alternatives to the appropriate working conditions

No.	Variables	Strongly Agree	Agree	Don't know	Not agree	Strongly not agree	Arithmetic Mean	Standard deviation	Arrangement
1	My use of sophisticated methods positively affects my performance	-	12	54	46	17	2.472	1.21	3
2	There is coordination between different departments in the work	9	27	37	43	13	2.465	1.53	4
3	Working hours and working periods are appropriate	88	32	9	-	-	4.612	0.439	1
4	Touch appropriately to provide quality services to perform the work effectively	-	15	87	13	14	2.798	1.33	2

In Table (11), the overall average (3.086) for this variable was ranked first (working hours and working hours). The researcher attributed this to the presence of more than one time in these companies. There may be three working hours per day such as The tissue factory in Diwaniyah may be two working hours and work divisions in these companies in accordance with their production whether it is morning, evening or night, and the possibility of the employee to choose one of these times to work in accordance with his living and his appropriate time, so others may feel some security for the need for time in private work for more of the money for decent living or the association of female workers with domestic work is always observed in the morning.

Table (12) shows the arithmetic mean, the standard deviation, and the frequency of the answer to productivity

No.	Variables	Excellent	Very good	Good	Admitted	Weak	Arithmetic Mean	Standard deviation	Arrangement
1	How to evaluate your performance for your business	-	21	34	74	-	2.589	1.25	1
2	What is your	-	5	12	112	-	2.171	1.12	4



	direct assessment of your production								
3	What assessment did you get in the annual report for the last year?	-	-	37	92	-	2.286	0.812	3
4	What is the overall level of your production in your department	-	13	39	77	-	2.503	1.13	2

Table (12) shows the results of all productivity within the estimate of the alternative (acceptable) in these variables for the lack of interest of workers in these companies these variables attributed to the absence of satisfactory production of these companies in accordance with the labor market and its inputs.

Table (13) shows arithmetic mean, standard deviation, and frequency of response alternatives to surrounding working conditions

No.	Variables	Very often	Too much	Somewhat	to a limited extent	no	Arithmetic Mean	Standard deviation
1	Do you think that your work output can be affected by your working conditions	17	12	-	-	-	4.9	0.834

Table (13) shows the employees' opinion in the surrounding working conditions. It obtained an average of (4.9) ie very much. This indicates that the production is affected by the surrounding conditions such as not marketing the Iraqi product internally and externally.

Table (14) shows the arithmetic mean, the standard deviation and the frequency of the answer alternatives to the number of the reward

No.	Variables	Not exist	1-3	4-6	7-9	10 and more	Arithmetic Mean	Standard deviation
1	What is the number of rewards you received against the list of violations	127	12	-	-	-	1.19	0.31

In Table (14) for the reward, the average (1.19), ie, most of the workers, did not receive this bonus, indicating that the irregularities are almost nonexistent and therefore this result has emerged.



Table (15) shows the arithmetic mean, the standard deviation, and the number of thanks and appreciation books

No.	Variables	Not exist	1-3	4 and more	Arithmetic Mean	Standard deviation
1	How many thanks and appreciation letters have been received during the last year	128	1	-	1.1	0.1

Table (15) showed the opinion of the employees in the surrounding working conditions, where the average of the account (1.1), which is the majority of the sample did not get these books and indicates that there is no work through which in these companies where these books are obtained most often given to producers More and creative in their work.

Table (16) shows the arithmetic mean, standard deviation, and frequency of response alternatives to accountability and punishment

No.	Variables	Not exist	One time	More than one time	Arithmetic Mean	Standard deviation
1	Have you been questioned or punished during the past two years?	129	-	-	3	1.00

In Table (16), for accountability and punishment, it obtained an average of (3) most workers who have not been subjected to any accountability or punishment during the past two years. This indicates that there are no irregularities and therefore this result may be due to the administration's lack of interest in granting incentives and rewards Material and moral in these companies.

Table (17) shows the arithmetic mean, the standard deviation and the frequency of alternatives to the answer to satisfaction

No.	Variables	Always	Sometimes	rarely	Arithmetic Mean	Standard deviation
1	Do you think your satisfaction with work affects your level of production?	47	66	16	2.240	0.731
2	Do you think your work output affects your satisfaction?	65	53	11	2.418	0.562

Table (17) shows the results of the satisfaction variable according to productivity. Sometimes satisfaction with work affects productivity with an average of (2.240), while in the same table it shows that labor productivity always affects job satisfaction with an average of (2.418) And satisfaction are linked to the involuntary (the higher the level of productivity, the higher the job satisfaction of workers and vice versa).



Table (18) shows arithmetic mean, standard deviation, and frequency of alternatives to answer to satisfaction

No.	Variables	Always	Sometimes	rarely	Arithmetic Mean	Standard deviation
1	Can you increase and improve your production if you are more satisfied with future work?	71	49	9	2.558	0.172

Table (18) shows that productivity is often increased when job satisfaction increases in the future. The average is 2.558, meaning that satisfaction is closely related to production and is high and vice versa. The employee may be satisfied at the beginning of the work, This may be reflected in the degree of competence and proficiency of their work.

- Conclusions:

1. Job satisfaction among females is higher than that of males at (0.05) because males have material obligations in the society, so that salaries are not enough for women, and women have material obligations, which makes them able to meet their own obligations.
- 2 - The study found that the degree of satisfaction for the older age groups differ from the younger ones age and that they did not achieve what they aspire to or the tender resulting from the circumstances experienced by the country.
3. The message found that in these companies the intermediate qualifications (elementary, middle and middle) are prevalent over other certificates because these companies in the past provide a better refuge for this category and vice versa.
- 4 - Satisfaction with the salary was unacceptable by the workers in these companies and is considered a few other salaries for the many burdens incurred by them for the appropriate living and the many requirements required of them for all family or social obligations, and the correlation of reward to production whenever the incentives and reward was significant there was an improvement in satisfaction and production They agree with Fadl (1997) that there is a strong relationship between job satisfaction and career level.
- 5 - The study concluded that the promotion is closely linked to the competence and proficiency of the workers and not everyone has the right to this promotion, but who persevere and perseverance and be productive and creative work and creative card.
6. Working conditions through working hours and three working hours in most of these companies were very much in line with the obligations of workers of all classes and all of them were very satisfied with that.
- 7 - The levels of production with satisfaction and the conditions surrounding the work and the close correlation between them more



directly as the satisfaction of workers increased their production and vice versa.

- Recommendations:

- 1 - Job satisfaction has a clear and tangible impact on productivity in all self-financing companies in Diwaniyah.
- 2 - Job satisfaction is achieved when the factors affecting it and the salaries and additional wages and remuneration.
- 3 - Lack of sense of security and job security for employees in these companies and the provision of social security and health insurance, which emerged from the answers to the sample that they do not have this insurance.
- 4 - years of service have a clear impact on this sample and therefore lack of sense of financial security through the fluctuation of the continuous budget and low oil prices continued and the failure to receive salaries on the specified days have a significant impact on them and the continued thinking of retirement and go to work to earn them money and achieve security of living for them and their families.
- 5 - Financial and moral incentives have a very large role in the former regime and their access to incentives of productivity has greatly helped the development of industry in the country and improved their standard of living, but then in recent years there is no such incentives may be absent from the situation in which the country is deteriorating In the national product, the foreign product has been greatly improved and remarkable.
- 6 - Lack of training and participation in any internal or external training through the machines used in these factories, which in some countries cannot be worked and may already be when brought to the country expired for the great corruption
- 7 - Achieving the principle of reward and punishment and continuous internal follow-up in these factories through the heads of departments and senior observers and reward glory and perseverance and punish the loser and negligent in work affect significantly and effectively in all aspects, whether satisfied or production.
- 8 - the need to conduct similar research to find job satisfaction for employees in the private sector and conduct comparative studies with the government sectors.

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*Quality of Social Communication as Mediator on the Relationship
between Stealth Marketing and Re-Engineering Customer Relationships
(An analytical study of sample for marketers views at the retail stores in najaf)*

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Abstract:

Purpose: the proposal will focus on marketing by gathering three variables (quality social of communication, stealth marketing, and re-engineering customer relationship) to figure out the relationship and effects among them. Also, to establish the roll of quality social of communication as a moderator to enhance the negative relation between stealth marketing and re-engineering customer relationship.

Objectives: understand the importance of Quality of Social Communication and to understand the importance of social customer relationship management and compare it with traditional customer relationship management. Also, understanding the relationship between Quality of Social Communication and stealth marketing. In addition, find out the negative role of stealth marketing on re-engineering customer relationship.

Methodology: formulating the research design depend on the objectives that should be achieved. So, hypothesis will determine to understand the relation and effect among the three variables. As well as, judgmental sample will be used. Moreover, the study will use quantitative research technique to collecting data by questionnaire. Lastly, the researcher will use Statistical Package for the Social Sciences (SPSS) program to analyze the data which is collected by the questionnaire.

1.1. Introduction

Communication is a key element of all business relationships. Across studies and contexts, interfere communication is found to have mainly positive effects on the relationship, as communication mediates various important relationship outcomes (Duncan and Moriarty, 1998). Communication affects satisfaction (Cannon and Perreault, 1999; Mohr and Sohi, 1995) trust (Morgan and Hunt, 1994) and loyalty (Scheer *et al.*, 2009). Communication also serves as a means of relational governance that increases affective commitment toward the business relationship (Mohr *et al.* ,1996). It is generally thought that suppliers' investments in



long-term relationships pay off in the form of increased value for the customer, which, in turn, strengthens customers' intentions to make future purchases from the same supplier (Hutchinson *et al.*, 2011). As for the objectives of customer retention (loyalty and future purchase intentions), it is crucial for the supplier to know the customer's experience with perceived value as the ultimate relationship outcomes (Sirdeshmukh *et al.*, 2002).

Stealth marketing techniques tend to be more effective during different stages of the hierarchy-of-effects models. The following generalizations about the effectiveness of different stealth techniques are, of course, subject to further empirical testing. Overall, viral and real-life stealth marketing campaigns tend to excel in generating awareness and creating interest. Celebrity, bait-and tease, and videogame stealth marketing tend to be more effective not only in generating awareness and creating interest, but also in the evaluation stage. But, in evaluating the strengths and weaknesses of stealth marketing, corporate marketers also have to consider emerging ethical issues. While stealth marketing is perceived as an innovative way to get a brand to stand out in a crowded marketplace, it is setting off alarms with consumer watchdog groups. Thus, researchers like (Martin and Smith) argues that stealth marketing is an act of desperation on the part of the advertising industry. Members insist that it is not only unethical to deceive people by hiring performers to pose as tourists, but it is also as intrusive as telemarketing. Other critics also claim that viral stealth marketing seems to be going too far. Knowing that consumers' confidants and "so-called" friends may in fact be recruited brand pushers might make individuals more worry of one another (Kaikati and Kaikati, 2004). And that will make a leakage in creditability and trust which, in turn, will lead to negative effects between customer and company.

Hence, the knowledge of communication, less is known about the role of marketing communications in business relationships (Andersen, 2001), although communication is an essential element of a value-based approach to relationships (Sharma *et al.*, 2001). Marketing communications is suggested to have a mediating role in the transformation of perceived value into loyalty in its various forms, from attitudinal to behavioral elements (Gilliland and Johnston, 1997; Keller, 2009).

Relationship marketing gains a lot of importance over the last few years, as the companies have realized the power of learning about their customers to increase their competitiveness, profitability and success (Egan, 2008). In an era of increasing competition, firms have resorted to



employing relationship marketing as a strategic tool to attract, maintain and enhance customer relationships and build loyalty (Sadqi, 2012). Relationship marketing increases the productivity of marketing activities and builds up mutual values for both customer and company through growing marketing effectiveness and efficiencies (Mishra and Li, 2008). Likewise, (Gummesson; 1994) formulates in relationship marketing as continuing mutual relationships between the business holder and the customer that leads to enduring profitability.

Gathering all the three variables (social quality communication, stealth marketing, and re-engineering customer relationship) in this proposal is done to figure out the relationship and effect among them, and to establish the role of social quality communication as a moderator to enhance the negative relation between stealth marketing and re-engineering customer relationship.

This proposal will establish the context for this thesis in order to manifest the need for research within telecommunication companies in Iraq. It considers the research questions and then discusses the study's aims and objectives. As well as Literature Review of the three variables. Finally, there is a section about research methodology of the study.

1.2 Literature Review

1.2.1 Quality of Social Communication

Marketing communication is essentially a supplier-initiated form of communication, but in order to yield positive effects, it should be in line with customers' expectations regarding the interaction that takes place in the relationship. In this study, the supplier's success in meeting customer expectations is conceptualized as communication quality to re-engineering customer relationship. The drivers of communication quality vary across studies. Good-quality communication is relevant, timely and reliable (Mohr and Spekman, 1994; Morgan and Hunt, 1994). Communication quality is a combination of information quality and source preference (Harcourt et al., 1991) or the delivery of adequate, timely, accurate, complete and credible communication (Mohr and Sohi, 1995). (Ball et al. 2004, p. 1277) define good communication as providing "information in such a way that the customer personally benefits with a minimum of effort necessary to decode the communication and determine its utility".

1.2.2 Dimension of Social Communication

The dimension to achieve the quality of social communication is:

1-Trust: The development of studies of trust in organizational settings has been viewed as an emerging requirement and resulting transformation



of labor and it is also recognized that the existence of trust between individuals, in teams in organizations is a necessary mechanism for the work to be done in an efficient way. It is considered that trust allows lower transaction costs and promotes long-term relationships. Besides, it is a driver of success of strategic alliances (Hosmer, 1995). Hosmer believes that trust is a social mechanism which allows individuals to manage the increasing tolerance and uncertainty. Trust is seen as a collective attribute and is considered as a function of social order.

Also (Kiyani *et al.*, 2012) think trust is seen as the willingness of individuals to increase their vulnerability to the actions of others whose behavior cannot control.

2-Satisfaction: customer satisfaction has gained new attention in a shift paradigm from transactional marketing to relational marketing, and in numerous publications satisfaction was presented as a necessary premise for customer retention thus, moved to the forefront of approaches to relationship marketing for researchers. Kotler sums it up when he says: "The key to customer retention is satisfaction", consequently, customer satisfaction has developed extensively as a construction base for activity monitoring and control in the relationship marketing concept. This is exemplified through the development and publishing companies and national satisfaction index (Thurau, 1997). Customer satisfaction is a factor that generates confidence in the company offering the product/service. The relationship with the company may increase the satisfaction and consumer desire and continue to relate to the company.

The results obtained by researchers (Ballester *et al.*, 2001) suggest the key role of trust as a variable that generates commitment from customers, especially in situations of high involvement, where its effect is stronger in comparison to overall satisfaction.

3-Commitment: commitment is an essential ingredient for successful long-term relationships, and trust and satisfaction are the main determinants of commitment (Wlater *et al.*, 2000).

The commitment has been widely recognized as an integral part of any business relationship. Commitment according to (Meyer *et al.*, 1997) is mainly focuses on an attitude of open questions that guide an individual or behavioral intentions.

Also (Herscovitch *et al.*, 2002) define commitment as a force that binds an individual to a course of action relevant to one or more targets, and define commitment in organizations such as affective commitment (which is an enhancement of desire -based organization), instrumental commitment which the client should stay in the organization, and



normative commitment refers to an obligation should remain with the organization. With this three-component model, commitment can be defined as a force that binds an individual to buy from a supplier that can be affective.

1.2.3 Stealth Marketing

The meaning of stealth marketing start with “guerilla” approach as described by Levinson (1984), using unconventional marketing strategies that may involve catching the consumer unawares and in unexpected way (Roy & Chattopadhyay, 2010).

Also (Roy & Chattopadhyay, 2010) say that the root of the word stealth as defined in the Merriam-Webster’s (1986) Third New International Dictionary refering to an “act or action of proceeding furtively, secretly or imperceptibly,” “a furtive or surreptitious departure or entrance,” or “intended to escape observation.” Therefore, in colloquial term stealth marketing refers to undercover, covert, or hidden marketing.

Some have offered a narrower definition of the term. For example, stealth marketing may be a means to reach a target audience without the advertisement being perceived as an advertisement or as a context or may refer to covert marketing in mass media (Goodman, 2006). And (Akdoğan and Altuntaş:2015) further extend the definition to distinguish between the deception that may occur in information gathering and marketing communications.

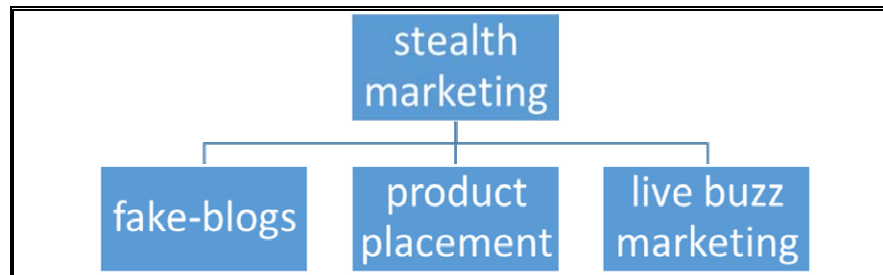
The American Marketing Association (AMA) is yet to provide an official definition of stealth marketing in its Dictionary of Marketing Terms. The Canadian Marketing Association (CMA) does not provide one either, although code I5.4 of their Code of Ethics & Standards of Practice specifically states that “marketers should avoid undercover or word of mouth initiatives that encourage a consumer or business to believe that the marketer’s agents are acting independently and without compensation when they are not” (Canadian Marketing Association, 2008).

Moreover, (Kaikati & Kaikati, 2004) indicate that, the definition of stealth marketing is “the use of surreptitious marketing practices that fail to disclose or reveal the true relationship with the company that produces or sponsors the marketing message” (Martin & Smith, 2008.pp.45). With the knowledge that consumers are sceptical towards marketing messages, stealth marketing techniques are efforts from marketers to disguise these messages (Rotfeld, 2008).



The concept with stealth marketing as a strategy is to sell products by deceiving consumers' minds and avoid their advertising shield (Kaikati & Kaikati, 2004).

Within the stealth marketing strategy, there are a couple techniques that can be determined and discussed (figure 1); fake-blogs, product placement and live buzz marketing (Roy & Chattopadhyay, 2010) (Kirby & Marsden, 2006).



(figure 1) stealth marketing strategy

Resource: Viktor Pettesson, Markus sevensson, (2010) *Stealth Marketing The art of deceiving consumers*, Bachelor Thesis in business administration, school of economics at Linnæus University, marketing, 2FE07E.

These concepts are explained follows:

Fake-blogs; Blogs that are sponsored by a company and are pretending to be an objective source is referred to as fake-blogs. The goal with fake-blogs is to communicate positive publicity that would be hard through traditional marketing methods. (Roy & Chattopadhyay, 2010)

Product Placement; to show the product in certain preferred situations to endorse the product (Martin & Smith, 2008). An example of this is when product manufacturers pay to get their products displayed or significantly used in movies (Businessdictionary.com, 2010).

Live buzz marketing: buzz is created with information about a brand, product, service, or message in a way that makes people talk about it. However, it is created so that no one knows where it originated from. This technique makes the consumer unaware that they have been targeted by a marketing campaign (Kirby & Marsden, 2006).

2.2 Dimension unethical stealth marketing

Looking at the literature that goes into the subject of stealth marketing, there is no clear meaning of the dimension of stealth marketing, and in this case will depend on what presented by (Martin and Smith, 2008), which will be illustrated as below:

1-Deception: We suggest that consumers were deceived because the marketing agent or commercial sponsor of the activity was not disclosed, consistent with our definition of stealth marketing. Ultimately, the



representatives of each company (actors, bloggers, and connectors) were not required to disclose their affiliation. As far as we know, however, they were also not instructed to withhold that information if asked. Such an instruction might well have had legal ramifications for the company.

2-Intrusion: Intrusion reflects a violation of privacy, in which presumably passersby and tourists were interrupted in their journeys and sightseeing for what was essentially an invitation to assist the fake tourists, and thus, provide them with an opportunity to demonstrate the product. However, the seriousness and severity of the intrusion might be questioned. It seems difficult to argue that this charge of intrusion, in itself, can constitute a major ethical concern as a privacy violation, the deception and exploitation notwithstanding.

3-Exploitation: Exploitativeness criticisms reflect the belief that stealth marketing cynically exploits human good nature, which is wrong in itself and in its possible effect on future individual willingness to help others. Moral duties are potentially violated, and there are possible troubling consequences.

The researcher say that the negative actions of stealth marketing has detrimental effects on customer relationship which lead consumers to be deceived and that will effect on trust between customer and the company; so, that's why the researcher put social quality communications as a moderator between stealth marketing and re-engineering customer relationship.

1.2.3 Re-Engineering Customer Relationships

Before we start to write on re-engineering customer relationship, we should define what customer relationship management (CRM).

CRM is a technique that can help build long-term relationships with the customers and increase profits through efficient management systems and the application of customer-focused strategies. Customer relationship management is a customer oriented marketing effort which is responsible for accumulating and managing customer details in order to serve the customers in the present and future.. It is a set of business practices to identify, verify, acquire, develop and maintain sustainable profitability and customer loyalty through providing appropriate product and services, in due time (Galbreath and Rogers, 1999).

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with customers to create superior values for the company and the customer (Parvatiyar and Sheth, 2001).



Additionally (Swift, 2000) say that CRM is a method of understanding the customer behavior through intense communication with him/her to improve the performance, which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability.

A company uses CRM in the field of research methodology, technology and e-commerce in order to manage customer relationships (Foss and Stone, 2001). This definition for CRM regards it as the ability to use technology in the domain of dealing with customers. CRM is the activity which is interested in the main customers of the organization, in the efficiency of an organization and in the customer knowledge management, with the aim of enhancing the effectiveness of organizational decisions related to customers, leading, therefore, to the improvement of marketing performance in particular and organizational performance in general (Shaon and Rahman, 2015).

Also (Buss, Begorgis : 2015) define CRM as "a cross-functional strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments.

(Umamaheswari *et al.*, 2012) clarify that relationship marketing has also been strongly influenced by reengineering. According to reengineering theory, organizations should be structured according to complete tasks and processes rather than functions.

1.2.4 Re-Engineering Customer Relationships Dimensions

There are three dimensions to Re-Engineering Customer Relationships which are determined by different researchers (Umamaheswari *et al.*, 2012) (Rao *et al.*, 2017) (Gouthier *et al.* , 2003).

1-Acquisition: Relationship marketing relies upon the communication and acquisition of consumer requirements solely from existing customers in a mutually beneficial .With particular relevance to customer satisfaction the relative price and quality of goods and services produced or sold through a company alongside customer service generally determine the amount of sales relative to that of competing companies. (Umamaheswari *et al.*, 2012).

2-Retention: Customer retention is an activity a business undertakes to reduce customer defections. An organizations ability to retain and attract new customers is not only related to it within the marketplace. Customer retention is the driving force behind Customer Relationship Management (CRM), relationship marketing and loyalty marketing. Studies across a number of industries have revealed that the cost of retaining an existing customer is only about 10% of the cost of acquiring a prospect customer,



so customer attrition rate should be reduced and make them for a longer time in terms of economic growth.(Nema et al., 2017).

Also(Rao et al., 2017) define Customer retention as a concept by which companies mitigate the customer defection and possibly retain them for a lifetime. (Symonds et al as cited in Gouws, 2012) say that factors influence customer needs and customer satisfaction has to be identified and properly solved.

Moreover, Fornell and Wernerfelt as cited in (Ahmed and Buttle, 2001) highlighted that firms' resources would be wisely spent when they are used to retain the existing customers than gaining new ones.

Similarly, Gupta et al, as cited in (Kassegn and Pagidimarri, 2013) also agree with the advantages of retaining existing customers due to the high cost of obtaining new customers. Bhattacharijee as cited in (Kassegn and Pagidimarri, 2013) states that winning new customer for the firm costs five to ten times more than customer retention.

3-Termination: Customer regain management 'encompasses the planning, realization, and control of all processes that the company puts in place to regain customers who either give notice to terminate the business relationship or whose relationship has already ended' (Stauss and Friege, 1999: 348). To reach the different objectives, in particular to rebuild attractive relationships, systematic customer regain management should contain different elements. Then, customer regain actions could encompass individual dialogues with 'lost' service customers, followed by individual regain offers depending on the reasons for having terminated the relationship. Finally, the firm has to control all activities aimed at customer regain management (Gouthier *et al.* , 2003).

1.3 Research Programme:

1.3.1 Research objectives:

Based on the theoretical prospective, the research objectives are as follows,

- To understand the importance of Quality of Social Communication.
- To understand the importance of stealth marketing in changing market scenario.
- To understand the importance of social customer relationship management and compare it with traditional customer relationship management.
- To understand the relationship between Quality of Social Communication and stealth marketing.



- To analyze the effectiveness of Quality of Social Communication to re-engineering customer relationship.
- To identify the negative role of stealth marketing on re-engineering customer relationship.
- To minimize the negative relation between stealth marketing and re-engineering customer relationship throw Quality of Social Communication as a moderator.

1.3.2 Research Questions

The study aims to understand the massive contribution of Quality of Social Communication as a moderator between stealth marketing and re-engineering customer relationship. Also the study aims to know its splendid efforts towards social customer relationship in practice and also to find out some challenges in using Quality of Social Communication as a moderator of stealth marketing. The recommendations of this research can be used to frame an appropriate usage of stealth marketing strategy in which companies can give special consideration to Quality of Social Communication along with the re-engineering customer relationship.

Research questions can be summarized as follows:

- Should companies use Quality of Social Communication as a moderator to communicate about its brand?
- How does stealth marketing contribute to attract new customer?
- How does Quality of Social Communication play important role in companies' marketing strategy?
- How can stealth marketing re-build customer relationship management throw Quality of Social Communication?
- How does Quality of Social Communication change the aspect of customer relationship management?
- What are the loopholes in the three variables of the research?

1.3.3 Methodology

The first step is to formulate a research design. This means planning a strategy of conducting research. It is a detailed plan of how the goals of research will be achieved. Research design is exploratory, descriptive and/or experimental in nature. It helps the investigator to providing answers to various kinds of social/economic questions. After the collection and analysis of the data, the researcher has to accomplish the task of drawing inferences. Only through interpretation researcher can expose relations and processes that underlie his findings and ultimately conclusions. Interpretation refers to the task of drawing inferences from the collected facts after an analytical study.



The researcher put hypothesis First, there must take a moment to define **independent** and **dependent** variables. Simply put, an independent variable is the cause and the dependent variable is the effect. The independent variable can be changed whereas the dependent variable is what you're watching for change. We have to experiment the **hypothesis as an effect** as following:

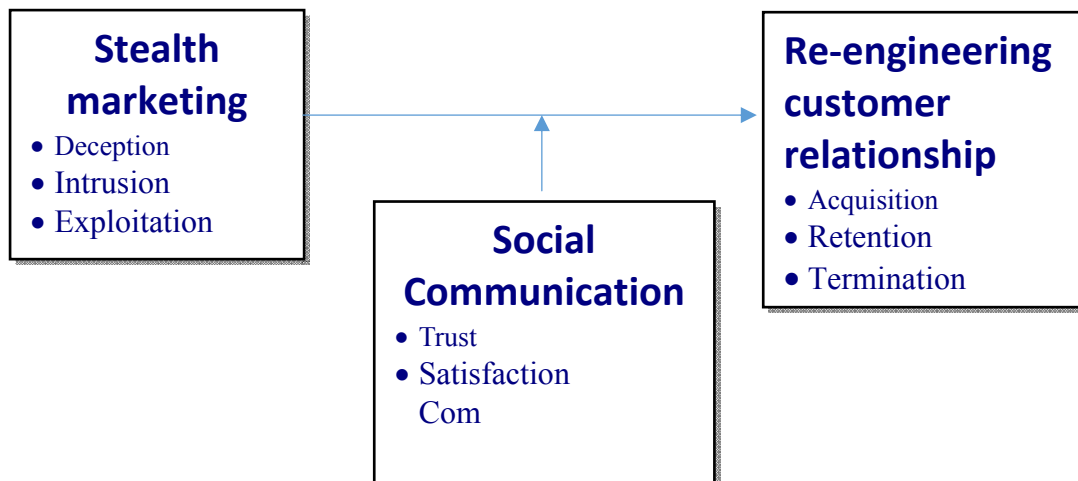
- Predict Quality of Social Communication has an effect on stealth marketing.
- Predict Quality of Social Communication has an effect on re-engineering customer relationship.
- Predict Quality of Social Communication as a moderator effects stealth marketing and re-engineering customer relationship.
- Predict stealth marketing has an effect on re-engineering customer relationship without Quality of Social Communication.

Secondly, the researcher have to find **the relationship** between the variables according to these questions:

- Is there a relationship between stealth marketing and Quality of Social Communication?
- Is there a relationship between Quality of Social Communication and re-engineering customer relationship?
- Is there a relationship between stealth marketing and re-engineering customer relationship?
- Is there a relationship between Quality of Social Communication as a moderator between stealth marketing and re-engineering customer relationship?

1.3.4 Conceptual Framework

Based on prior research and drawing theoretical support from (Martin and Smith, 2008) variables combined with (Malthouse *et al.*, 2013) social CRM model, this study's conceptual model is depicted in Figure 2



(Morgan and Hunt: 1994) theorize a relationship marketing success requires commitment and trust. The theory of commitment and trust maintains that we should characterize these networks which is a commitment to relationship and trust that generates cooperation. So, the hypotheses will be by following:

H1: Predict that Quality of Social Communication have an effect on stealth marketing.

According to (Morgan and Hunt: 1994), the researcher hypothesizes that conflict which caused by stealth marketing can be reduced by using factors of quality of social communication (trust, satisfaction, and commitment) to minimize the stealth marketing factors (Deception, Intrusion, and Exploitation), so that it will show the effect and relationship between quality communication and stealth marketing.

The strategy of communication does not primarily aim to increase sales. Instead, it is aims at ensuring that consumers have positive attitudes towards advertisements about products, thus building a substructure for future purchases and starting a positive word of mouth communication (Akdoğan, 2015). In this communication, the first goal is that the product is purchased by the consumers but more than that, it is hoped that the consumers disseminate the message about the product, and that will re-engineer customer relationship

The relation between a good communication and re-engineering customer relationship is showed by (Ball *et al.*, 2004) where the supplier's marketing communication is perceived as effective and of good quality; it, in turn, increases the customer's loyalty towards the supplier, and loyalty means the retention the customers.

Hence, perceived effectiveness and quality of marketing communication mediate the customer's experience about the supplier, having potential effect on future intentions (Dwyer *et al.*, 1987; Palmatier *et al.*, 2008).



Therefore, marketing communication has a critical role as a mediator between a customers's past and current experience and future behavior and that will re-build customer relationship. The hypotheses will be by following:

H2: Predict that Quality of Social Communication have an effect on re-engineering customer relationship

That shows the positive effect and relationship between quality communication and re- engineering customer relationship.

According to (Bricci *et al.* , 2016), previous studies of satisfaction in present models of customer satisfaction among them those surveyed in to propose the application of Satisfaction Index North American Customer Model (ISCN). The authors intend to provide a basis for uniform and a comparable measurement with overall customer satisfaction, that, at its center, is connected to your: a) history, such as: expectations, perceived quality and perceived value by the customer, b) consequential: how complaint and loyalty. Of special interest in the model is the explanation of loyalty to the client as a probable indicator of profitability, i.e. the consequences of increased customer satisfaction, reduced complaints point to growth and customer loyalty. In the authors argue that satisfaction is an important antecedent of loyalty.

H3: Predict Quality of Social Communication as a moderator which makes effect between stealth marketing and re-engineering customer relationship

The researcher discussed the unethical actions of stealth marketing which disseminate the customer from the company according to (Bricci; *et al.*, 2016), so we put Quality of Social Communication as a moderator to pull or push the negative relationship between stealth marketing and re- engineering customer relationship.

Conflict is the fourth foundation of relationship marketing. Anderson (1992) describes conflict as tension and disagreement between the parties to the transaction that can be perceived or apparent. When the conflict in a relationship of mutual trust increases, it can reduce reciprocal trust and interest in creating and maintaining the long-run relationship (Mir Rashid, 2009,5).(Davir ,1987) considers conflict management as control of the overall level of disagreement in working relationships. Seller's capability to better manage conflict is a critical factor to maintain buyers. It should also be noted that the suppression of conflict leads to the loss of credibility of a relationship, and parties to a relationship will be isolated before committing to a long term and continuous relationship (Paidari *et al.*, 2015).



According to the previous literature the conflict that could be cause by stealth marketing will create a negative effect between stealth marketing and re- engineering customer relationship, so that will answer the forth hypotheses.

H4: Predict that stealth marketing have an effect on re-engineering customer relationship without Quality of Social Communication.

1.3.5 Sample:

Respondents in the qualitative part of the research process will be recruited via a non-probability sample. The definition of the population includes managerial personnel concerned with marketing and communication. Consequently, participants must have professional experience in managing business transformation in their company, or at least considerable experience in product or service provided.

A judgmental sample is appropriate because for the investigation of the research questions the researcher depends on access to a specific population which needs to possess a high degree of expertise (Malhotra, Birks, & Wills, 2012). In addition, snowball sampling will assist in identifying potential respondents with similar characteristics to increase the number of participants (Blumberg, Cooper & Schindler, 2008).

1.3.6 Data Collection

As described above, a literature review will be conducted to analyses the current state of academic and practical contributions toward the concept of stealth marketing and communication to re-engineering customer relationship. Furthermore, in the interrogative part of the study, quantitative research techniques, such as questionnaire will be applied to enlarge the body of knowledge of marketing with the intention to build a theoretical framework of the construct.

1.3.7 Data Analysis

After the transcription of the data, the researcher will familiarize with its content. Subsequently, the researcher will code the information with the intention to identify questionnaire data by using Statistical Package for the Social Sciences (SPSS).

1.3.8 The limits of the study

The study included a number of retail stores located in Najaf Governorate .The study is committed to quality of social communication variables, stealth marketing, and re-engineering customer relationship. The number of paragraphs of the questionnaire are (60) divided by the variables of the study.

1.3.9. Analysis, discussion and statistical treatments



The study will focus on this subject according to the following questions: Are the paragraphs of the questionnaire actually measuring their variables? Is it suitable to be a measure for them? It will reveal the amount and nature of the relationship between the main variables (Quality of Social Communication, Stealth Marketing and R-engineering customer relationship).

3.9.1. Statistical Description:

The objective of this study is to show the level of response of the sample members to the questionnaires at the sample level,

- What is the level of response of the sample members on the axes and paragraphs of the quality of social communication at the level of the sample being investigated?
- What is the level of response of the sample respondents to the stealth marketing axes and paragraphs at the sample level?
- What is the level of response of the sample members on the R-engineering customer relationship at the level of the sample being investigated?

The results of descriptive statistical analysis of the dimensions of the Quality of Social Communication:

Table below presents the results of the descriptive statistical analysis to the quality of social communication.

1- Trust : Table(1)

	Expressions	Mean	Std. Deviation
1	The clarity, completeness and accuracy of both verbal and written information communicated to the customer and the ability of staff to listen to and understand the customer. This includes keeping the customer informed.	3.45	1.224
2	The reliability and consistency of performance of service facilities, goods and staff. This includes punctual service delivery and an ability to keep to agreements made with the customer.	3.14	1.181
3	The marketer try to earn the trust of the customer.	2.78	1.265
4	Convenience it's the major part in the marketer plan.	3.46	1.213
	Total	3.20	1.22075

2- Satisfaction: Table(2)

	Expressions	Mean	Std. Deviation
1	The functionality of the product or service. The end product or service meets my needs.	3.82	.990
2	The ability of the service provider to communicate with me in a way I will understand.	4.03	.873
3	The personal safety of me and my possessions while receiving the service or product.	4.05	.979



4	I feel that the marketer try to keep me in touch with his company	3.21	1.144
	Total	3.7775	0.9965

3- Commitment:

Table(3)

	Expressions	Mean	Std. Deviation
1	The functionality of the product or service. The end product or service meets my needs.	3.41	1.189
2	The ability of the service provider to communicate with me in a way I will understand.	3.79	.827
3	The personal safety of me and my possessions while receiving the service or product.	3.55	1.124
4	I feel that the marketer try to keep me in touch with his company	3.99	.845
	Total	3.685	0.99625

The results of descriptive statistical analysis of the dimensions of the Stealth marketing:

Table below presents the results of the descriptive statistical analysis to the stealth marketing

1-Deception:

Table(4)

	Expressions	Mean	Std. Deviation
1	The marketer use with me some tools to confuse me about the quality of the product and that's lead to a negative effect on the buying decision.	4.03	.911
2	I feel when I use the product that's the marketer didn't tell me about the original country of origin.	3.86	.922
3	The marketer didn't help me to show enough information about the product, and some of them is false.	3.95	.851
4	The marketer convince me to buy the product after he deceive me.	3.95	.857
5	The marketer used different ways to lay and confusing during the process of buying.	3.97	.821
	Total	3.952	0.8724

2- Intrusion:

Table(5)

	Expressions	Mean	Std. Deviation
1	In marketing there will be a clear intrusion and not allowed from the marketer which is effect on buying decision.	3.37	1.175
2	I feel when I use the product that's the marketer didn't tell me about the original country of origin.	3.94	.991
3	The marketer try to monitor all my movement in the store to effect on the buying.	3.49	1.159
4	I feel that the marketer try to make attention to the competitive products.	2.77	1.183
5	I'm feel uncomforTable when the marketer try to talk about the	4.31	.872



	competitors and their product.		
	Total	3.576	1.076

3- Exploitation:

Table(6)

	Expressions	Mean	Std. Deviation
1	The marketer try to use my weakness to know the new product features and try to show his product as the best.	3.81	1.193
2	I felt that the marketer using me as a tool for his product.	3.24	1.311
3	Always the marketer try to know my impression about the competitive product and using me as a tool to collect information.	2.95	1.255
4	the marketer try to make a conversation to know the best designs of the competitors	3.53	1.214
5	The marketer try to export my efforts when he try to inform me on the advantages and disadvantages of competitor's products.	2.78	1.180
	Total	3.262	1.2306

The results of descriptive statistical analysis of the dimensions of the Re-engineering customer relationship:

Table below presents the results of the descriptive statistical analysis to the stealth marketing

1-Acquisition:

Table(7)

	Expressions	Mean	Std. Deviation
1	The marketer trying to show the customer that its product had no defects.	4.06	.944
2	The company give enough information to the customers to attract new customers	4.09	.914
3	The company want form the customer to recommend others to buy form it.	4.03	.939
4	Clearness and honesty is a major factor could earn new customers.	4.14	.833
	Total	4.08	0.9075

2-Retention:

Table(8)

	Expressions	Mean	Std. Deviation
1	Understands Customer problems from the company.	4.05	.924
2	The Process of Complaints by the customer are simple in the company.	3.81	1.070
3	The company try to Deliver products and Promise customers for many services	4.09	.885
4	The company work hardly to Performing services right the first.	3.95	.952
	Total	3.975	0.95775

3- Termination:

Table(9)

	Expressions	Mean	Std. Deviation
1	The company is completely prepared to dissolve customer relationships if necessary	3.29	1.359
2	We have a very clear picture of customer we do not want to deal with.	4.17	.763



3	Our managers always point out that a bad customer is better than no customer	4.10	.920
	Total	3.85	1.014

3.9.2. Correlation Analysis:

This study deals with the strength and direction of correlation between the independent variable (quality of social communication), the intermediate variable (Stealth marketing) and the dependent variable (re-engineering customer relationship)

H1: Predict that Quality of Social Communication have a relation with stealth marketing

table(10)

	D.V I.V	Stealth marketing	
		Correlation	Significant
1	Q.S.C	.433	0.000

There is a significant correlation between Quality of Social Communication and stealth marketing. The data of Table above showed a strong and positive correlation (0.433), and the level of morale was (0.000), which is greater than the level of morale determined by the researcher (0.05). Therefore, this hypothesis at the level of this study is accepted.

H2: Predict that Quality of Social Communication have a relation with re-engineering customer relationship

table(11)

	D.V I.V	re-engineering customer relationship	
		Correlation	Significant
1	Q.S.C	.354	.001

There is a significant correlation between Quality of Social Communication and re-engineering customer relationship. The data of Table above showed a strong and positive correlation (0.354), and the level of morale was (0.001), which is greater than the level of morale



determined by the researcher (0.05). Therefore, this hypothesis at the level of this study is accepted.

H4: Predict that stealth marketing have a relation with re-engineering customer relationship without Quality of Social Communication

table(12)

	D.V I.V	re-engineering customer relationship	
		Correlation	Significant
1	SM	.602	.000

There is a significant correlation between Stealth Marketing and re-engineering customer relationship. The data of Table above showed a strong and positive correlation (0.602), and the level of morale was (0.000), which is greater than the level of morale determined by the researcher (0.05). Therefore, this hypothesis at the level of this study is accepted.

3.9.3.Regression Analysis:

This analysis will discuss the results of the test and analysis of relations of influence between the variables of the study and according to the provisions of the main hypotheses:

H1: Predict that Quality of Social Communication have an effect on stealth marketing

tables(13)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.433a	.187	.177	.44477	.187	17.528	1	76	.000

a. Predictors: (Constant), SCQ

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.467	1	3.467	17.528	.000 ^b
Residual	15.034	76	.198		
Total	18.502	77			

a. Dependent Variable: SM

b. Predictors: (Constant), SCQ



Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	1.962	.393		4.991	.000	1.179	2.745
SCQ	.459	.110	.433	4.187	.000	.241	.678

a. Dependent Variable: SM

The value of (t) is significant when compared to the Table (1.96), the statistical level (0.05), the degree of freedom (0.14), indicating that the regression curve is sufficient to describe the relationship between (SCQ, SM) and the level of confidence (0.95).

The value of the coefficient of determination (R^2) is a coefficient of (0.187), which means that the quality of social communication is interpreted as (0.187) of the variance in the stealth marketing. This is an acceptable indicator of the comparison of the calculated value of f is (17.528) compared with f (3.91) within the limits of confidence (0.05). In the light of these results, this hypothesis is accepted. This relationship shows that whenever there is quality communication will effect on the stealth marketing procedures.

H2: Predict that Quality of Social Communication have a relation with re-engineering customer relationship

Tables(14)

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.354 ^a	.126	.114	.57499	.126	10.923	1	76	.001

a. Predictors: (Constant), SCQ

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.611	1	3.611	10.923	.001 ^b
Residual	25.127	76	.331		
Total	28.738	77			

a. Dependent Variable: RCR

b. Predictors: (Constant), SCQ

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	2.314	.508		4.552	.000	1.302	3.326
SCQ	.469	.142	.354	3.305	.001	.186	.751

a. Dependent Variable: RCR



The value of (t) is significant when compared to the Table value (1.96), the statistical level (0.05), the freedom of (1,149). This indicates that the regression curve is sufficient to describe the relationship between (QSC, SM) and the level of confidence (0.95). This is confirmed by the value of statistical and according to test (t), it reached ($t = 3.305$).

The value of the coefficient of determination (R^2) is a coefficient of (0.126), meaning that the quality of social communication is interpreted as the value of (0.126) of the variance in the stealth marketing, which is acceptable for comparing the calculated value of (f) (10.923) with the original F (3.91) within confidence (0.05). In light of these results, this hypothesis is accepted.

H3: Predict Quality of Social Communication as a moderator which makes effect between stealth marketing and re-engineering customer relationship.

According to the direct and indirect effect of Quality of Social Communication between stealth marketing and re-engineering customer relationship the researcher used the (AMOS) analysis as showing figure(3) below :

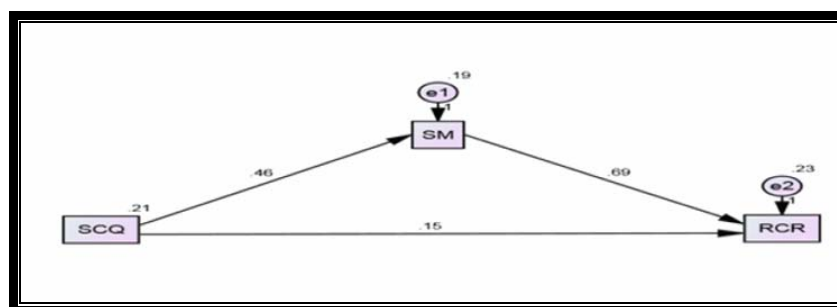


Figure (3)

The results indicate that Quality of Social Communication (SCQ) has a direct effect on re-engineering customer relationship (RCR) of (0.15). However, the direct effect of (SCQ) on (SM) is (0.46), and (SM) on (RCR) is (0.69).

Direct Effects (Group number 1 - Default model)

	SCQ	SM
SM	.459	.000
RCR	.153	.688

Indirect Effects (Group number 1 - Default model)

	SCQ	SM
SM	.000	.000
RCR	.316	.000



The direct (unmediated) effect of SCQ on SM is (0.459). That is, due to the direct (unmediated) effect of SCQ on SM, when SCQ goes up by 1, SM goes up by (0.459). This is in addition to any indirect (mediated) effect that SCQ may have on SM. and SCQ effect on the direct (unmediated) effect of on RCR is (0.153).

Also, the indirect (mediated) effect of SCQ on RCR is (0.316). That is, due to the indirect (mediated) effect of SCQ on RCR, when SCQ goes up by 1, RCR goes up according the effect of (SM). That's mean the effect will rise when we remove (SM) as a mediator. This hypotheses will be accepted according to the results.

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
SM	<---	SCQ	.459	.109	4.214	***	
RCR	<---	SM	.688	.125	5.513	***	
RCR	<---	SCQ	.153	.132	1.155	.248	

The probability of getting a critical ratio as large as 1.155 in absolute value is .248. In other words, the regression weight for **SCQ** in the prediction of **RCR** is not significantly different from zero at the 0.05 level (two-tailed). And that mean the QSC isn't significant with RCR without SM.

H4: Predict that stealth marketing have a relation with re-engineering customer relationship without Quality of Social Communication.

Table (15)

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.602a	.362	.354	.49108	.362	43.164	1	76	.000

a. Predictors: (Constant), SM

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.409	1	10.409	43.164	.000b
Residual	18.328	76	.241		
Total	28.738	77			

a. Dependent Variable: RCR

b. Predictors: (Constant), SM

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	1.284	.414		3.099	.003	.459	2.109
SM	.750	.114	.602	6.570	.000	.523	.977



a. Dependent Variable: RCR

The value of (t) is significant when compared to the Table value (1.96), the statistical level (0.05), the freedom of (1,149). This indicates that the regression curve is sufficient to describe the relationship between (RCR, MM) and confidence level (0.95). This is confirmed by the statistical value (MM) and according to the t-test ($t = 6.570$).

The value of the (R^2) coefficient is (0.362), which means that stealth marketing interprets its value (0.17) from the variance in re-engineering customer relationship, which is acceptable for comparing the calculated value (f) of (43.164) with the original (F) (3.91) within confidence (0.05). In light of these results, this hypothesis is accepted.

3.10. Conclusion:

Field observations, a survey of 80 store retail managers, and an analysis of previously conducted studies provided evidence that the quality of social communication is positively affecting re-engineering customer relationship. People are becoming more reliant on communicating with marketers and are neglecting to engage positively, even when they use stealth marketing. A majority of individuals felt that quality of communication make them more related to the store, and many individuals doesn't understand that stealth marketing is a bad communication, so probably stayed engaged with the marketer.

Additionally, nearly half of survey respondents communicate more frequently with quality and with convenient marketers. However, everyone should be aware that human interaction as was once known may have already changed forever. And maybe discover that unauthentic treatment.

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Questionnaire

Quality of Social Communication:

Communication quality is a combination of information quality and source preference or the delivery of adequate, timely, accurate, complete and credible communication

1- Trust :

Trust is a social mechanism which allows individuals to manage the increasing tolerance and uncertainty. Trust is seen as a collective attribute and is considered as a function of social order. (Garbarino, 1990)

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The clarity, completeness and accuracy of both verbal and written information communicated to					



	the customer and the ability of staff to listen to and understand the customer. This includes keeping the customer informed.					
2	The reliability and consistency of performance of service facilities, goods and staff. This includes punctual service delivery and an ability to keep to agreements made with the customer.					
3	The marketer try to earn the trust of the customer.					
4	Convenience it's the major part in the marketer plan.					

2- Satisfaction :

Customer satisfaction is a factor that generates confidence in the company offering the product/service. The relationship with the company may increase the satisfaction and consumer desire and continue to relate to the company.

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The functionality of the product or service. The end product or service meets my needs.					
2	The ability of the service provider to communicate with me in a way I will understand.					
3	The personal safety of me and my possessions while receiving the service or product.					
4	I feel that the marketer try to keep me in touch with his company					

3- Commitment :

Define as a force that binds an individual to a course of action relevant to one or more targets, and define commitment in organizations such as affective commitment.

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The marketer try to be reliable with me to retain me In his company					
2	The company give me the best quality they have.					
3	Always the company try to know my feelings toward its products					
4	the company try to use different techniques to make the customer happy					

Stealth marketing:

Marketers seek to find non-traditional, unusual and illegal marketing methods that help to influence Direct customers, and work towards harnessing customer imagination for the purpose of consuming products in other ways Legal or immoral to achieve competitive superiority and profits. It is measured in terms of sub-variables as following (Ataee , Akelaby ; 2016):

1- Deception:

Refers to the situation in which marketers seek to market products and convince customers in a way that is not Disclosure of the nature and quality of the marketer, as well as refraining from providing direct information which has been sought of the customer.

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The marketer use with me some tools to confuse me about the quality of the product and that's lead to a negative effect on the buying decision.					
2	I feel when I use the product that's the marketer didn't tell me about the original country of origin.					
3	The marketer didn't help me to show enough information about the product, and some of them is false.					
4	The marketer convince me to buy the product after he deceive me.					
5	The marketer used different ways to lay and confusing during the process of buying.					

2- Intrusion



Refers to unauthorized intervention, which reflects all cases where customers do not wish to speak in public. Such as freedom of expression towards the products of marketers, and includes all activities that marketers follow in order to make customers to give clear concessions and make them buy the Company's products.

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	In marketing there will be a clear intrusion and not allowed from the marketer which is effect on buying decision.					
2	I feel when I use the product that's the marketer didn't tell me about the original country of origin.					
3	The marketer try to monitor all my movement in the store to effect on the buying.					
4	I feel that the marketer try to make attention to the competitive products.					
5	I'm feel uncomforTable when the marketer try to talk about the competitors and their product.					

3- **Exploitation**

Refers to the situation in which marketers seek to exploit human nature and use them for purpose to achieving a purely marketing goal through the use of customers as a promotional tool as well as new opportunities.

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The marketer try to use my weakness to know the new product features and try to show his product as the best.					
2	I felt that the marketer using me as a tool for his product.					
3	Always the marketer try to know my impression about the competitive product and using me as a tool to collect information.					
4	the marketer try to make a conversation to know the best designs of the competitors					
5	The marketer try to export my efforts when he try to inform me on the advantages and disadvantages of competitor's products.					

Re-engineering customer relationship:

It is a method of understanding the customer behavior through intense communication with him/her to improve the performance, which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability

1-Acquisition:

Relationship marketing relies upon the communication and acquisition of consumer requirements solely from existing customers in a mutually beneficial exchange

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The marketer trying to show the customer that its product had no defects.					
2	The company give enough information to the customers to attract new customers					
3	The company want form the customer to recommend others to buy form it.					
4	Clearness and honesty is a major factor could earn new customers.					

2-Retention:

Customer retention is an activity a business undertakes to reduce customer defections. An organizations ability to retain and attract new customers is not only related to it within the marketplace. (Tsetse, 2013)

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	Understands Customer problems from the company.					
2	The Process of Complaints by the customer are					



	simple in the company.					
3	The company try to Deliver products and Promise customers for many services					
4	The company work hardly to Performing services right the first.					

3- Termination:

Customer regain management 'encompasses the planning, realization, and control of all processes that the company puts in place to regain customers who either give notice to terminate the business relationship or whose relationship has already ended.(Ritter, 2004)

	Expressions	Totally agree	agree	Biased	disagree	Totally disagree
1	The company is completely prepared to dissolve customer relationships if necessary					
2	We have a very clear picture of customer we do not want to deal with.					
3	Our managers always point out that a bad customer is better than no customer					

جامعة الكوفة

كلية الإدارة والاقتصاد

قسم إدارة الأعمال الدراسات العليا

ملحق (4)

الاستبانة

أخي الكريم المحترم

تحية طيبة...

بالنظر لما نعهده بكم من علم ومعرفة وخبرة، أضع بين أيديكم الاستبانة التي أعدت لإكمال متطلبات نشر بحث وعنوانه (جودة الاتصال الاجتماعي كوسيط في العلاقة بين التسويق الخفي وإعادة هندسة علاقات الزبائن). لذا نرجو تعاونكم معنا في الإجابة على الفقرات التي تضمنتها الاستبانة ومن واقع خبرتكم في العمل بالمتجر، علماً أن إجاباتكم تعامل بشكلٍ سريٍّ ولأغراض البحث العلمي حصراً .

شاكرين لكم جهودكم المباركة وحسن تعاونكم

ومن الله التوفيق...

الباحثة سامية هاني عجيل

الباحث الحمزه فاضل عباس

جودة التواصل الاجتماعي :

جودة الاتصال هي مزيج من جودة المعلومات وتفضيل المصدر أو توصيل اتصالات ملائمة وفي الوقت المناسب وتكون دقيقة وكاملة وذات مصداقية. ومتغيراته كالاتي:

1- الثقة :

الثقة هي الآلية الاجتماعية التي تسمح للأفراد لإدارة التسامح وعدم اليقين المتزايد. يُنظر إلى الثقة باعتبارها سمة جماعية وتعتبر بمثابة وظيفة للنظام الاجتماعي (Garbarino,1990).

ت	الفقرات	اتفق تماماً	اتفق	محايد	لا اتفق	لا اتفق تماماً
1	وضوح ودقة كل من المعلومات الشفهية والمكتوبة الموجهة إلى الزبون وقدرة الموظفين على الاستماع إلى الزبون وفهمه. وهذا يشمل إبقاء الزبون على اطلاع.					
2	موثوقية واتساق أداء الخدمة والسلع والموظفين. وهذا يشمل تقديم الخدمات في الوقت المحدد والقدرة على الاحتفاظ بالاتفاقات المبرمة مع الزبون.					
3	يحاول المسوق كسب ثقة العميل من خلال التعامل					



					الواضح والشفاف	
					الجزء الملازم من خطة التسويق هي صياغة مصداقية وعلاقة قوية مع الزبائن في كل خطوة.	4

-2 الرضا :

رضا العملاء هو عامل يزيد الثقة في المنظمة التي تقدم المنتج / الخدمة. وان العلاقة مع المنظمة قد تزيد من الرضا ورغبة المستهلك وتستمر في الارتباط بالمنظمة.

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	تعدد وظيفة المنتج أو الخدمة. اي ان يلبي المنتج أو الخدمة النهائية كل احتياجات الزبائن.					
2	قدرة مزود الخدمة او المسوق على التواصل مع الزبائن بطريقة سهلة ومفهومة.					
3	السلامة الشخصية للزبون والحفاظ على ممتلكاته أثناء تلقي الخدمة أو المنتج.					
4	المسوق يحاول أن يجعل الزبون على اتصال مع المنظمة في كل الاوقات.					

-3 الالتزام :

ويعني تحديد قوة تربط الفرد بمسار العمل ذو صلة بواحد أو أكثر من الأهداف ، ويحدد الالتزام في منظمات تجاه زبائنهم مثل الالتزام العاطفي.

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	يحاول المسوق أن يكون موثوقاً به من قبل الزبائن وان يحتفظ بهم في المنظمة.					
2	المنظمة مهتمة بأن تعطي أفضل جودة لديها للزبائن.					
3	تحاول المنظمة دائماً معرفة مشاعر الزبائن تجاه منتجاتها وخدماتها المتنوعة.					
4	تحاول المنظمة استخدام اجراءات مختلفة لجعل الزبائن سعداء.					

التسويق الخفي :

سعي المسوقين إلى إيجاد طرق تسويقية غير تقييدية وغير مألوفة وغير مشروعة تساعد في التأثير على الزبائن بصورة مباشرة، والعمل باتجاه تسخير خيال الزبون وإيادهم لغرض استهلاك المنتجات بطرق غير قانونية أو غير أخلاقية لتحقيق التفوق التنافسي وكسب الأرباح. ﴿ ، ويقاس بدلالة المتغيرات الفرعية الآتية (Ataee , Akelaby ; 2016):

-1 الخداع

﴿ ويشير إلى الحالة التي يسعى من خلالها المسوقين تسويق منتجاتهم وأقناع زبائنهم بطريقة لا يتم الإفصاح عن طبيعة وهوية المنتجات المسوقة ، فضلاً عن الامتناع عن تقديم معلومات مباشرة تم طلبها من الزبون)

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	يستعمل المسوق مع الزبائن بعض وسائل التشويش عن جودة المنتج مما يؤثر سلباً على قرار شراء المنتج الذي لم يلبي رغبات الزبائن.					
2	لا يفصح المسوق عن جهة التصنيع الاصلية الى					



					الزبائن.
3					المسوق لا يساعد الزبون في تقديم معلومات كافية عن المنتج وبعضها مظلّل وغير صحيح.
4					يحاول المسوق اقناع الزبائن بشراء المنتج بعد الخداع والتظليل.
5					يستخدم المسوق طرق فيها ابداع من استخدام الاكاذيب واريك الزبون عند عملية الشراء.

-2 التدخل :

(ويشير إلى التدخل الغير المسموح به، والذي يعكس كافة الحالات التي لا يرغب الزبائن بالحديث عليها كحرية التعبير تجاه منتجات المسوقين، و يشمل كافة الأنشطة التي يتبعها المسوقين من أجل دفع الزبائن لتقديم تنازلات واضحة و دفعهم في شراء منتجات الشركة

.

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	عند التسوق يكون هناك تدخل واضح وغير مسموح به من قبل المسوق مما يشوش على قرار الشراء.					
2	يجادل المسوق أن يقنعني لتقديم تنازلات لشراء منتج اخر غير الذي قصده للشراء					
3	يحاول المسوق التسلل ورصد كافة حركات الزبون في المتجر ليؤثر على شراء منتجات محددة.					
4	يحاول المسوق ان يجذب انتباه الزبائن عن المنتجات المنافسة لهم بطريقة واضحة.					
5	الزبون يتضابق من طريقة كلام المسوق عن المنافسين ومنتجاتهم وعدم الاكتفاء بعرض مزايا منتجاته.					

-3 الاستغلال :

«ويشير إلى الحالة التي يسعى من خلالها المسوقين إلى استغلال الطبيعة البشرية واستخدامهم لغرض تحقيق أهداف تسويقية بحتة، وذلك من خلال استخدام الزبائن كأداة ترويجية فضلا عن خلق فرص جديدة»

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	يحاول المسوق ان يستغل ضعف الزبائن في معرفة خصائص المنتج الجديد ويحاول اظهار منتج شركته كأفضل منتج					
2	يستغل المسوق الزبائن كأداة لمشروعه من دون علمهم					
3	يحاول المسوق معرفة انطباع الزبائن عن المنتجات المنافسة ويستخدمهم كأداة لجمع المعلومات					
4	يحاول المسوق ان يتجاذب اطراف الحديث مع الزبائن لمعرفة افضل التصاميم الخاصة بالمنافسين.					
5	دائما ما يحاول المسوق من مصادرة جهود الزبائن عند ابلاغه له عن مزايا وعيوب منتجاتهم.					

إعادة هندسة العلاقة مع الزبائن :

إنها طريقة لفهم سلوك الزبون من خلال التواصل المكثف معه لتحسين الأداء ، والذي يتمثل في جذب العميل ، والحفاظ عليه و زيادة ولائه وربحيته.

1-الاكتساب :



يعتمد التسويق بالعلاقات على التواصل واكتساب الزبائن ومعرفة متطلباتهم ومحاولة الحفاظ عليهم وعلى التبادل المنفعي بين المنظمة والزبائن.

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	يحاول المسوق إظهار العميل أن منتجه ليس به اي عيوب.					
2	تقدم الشركة معلومات كافية للزبائن لجذب زبائن جدد.					
3	ترغب الشركة في اعلام الزبون للتوصية بآخرين لشراء منها					
4	الوضوح والصدق هو عامل رئيسي يمكن أن يكسب زبائن جدد.					

2- الاحتفاظ بالزبائن :

يعد الاحتفاظ بالزبون نشاطاً تتعهد به الشركة لتقليل انشقاقات الزبائن. ولا تتعلق قدرة المنظمات على الاحتفاظ وجذب زبائن جدد وجذبهم داخل السوق. بل وسيلة فعالة لزيادة سمعة المنظمة كذلك. (Tsetse, 2013)

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	تحاول الشركة ان تفهم مشاكل الزبائن التي لديها.					
2	عملية الشكاوى من قبل الزبائن بسيطة في الشركة ويمكن حلها بسهولة.					
3	تحاول الشركة تقديم المنتجات وان تعد الزبائن لكثير من الخدمات.					
4	تعمل الشركة بجد على أداء خدماتها بصورة فعالة الى الزبائن بأعتباره الحق الأول لهم.					

3- استبعاد الزبائن :

ان إدارة استعادة العملاء "تشمل التخطيط ، والتحقق ، والتحكم في جميع العمليات التي تضعها الشركة لاستعادة العملاء الذين يقدمون إشعاراً بإنهاء علاقة التعامل مع الشركة أو التي انتهت علاقتهم بالفعل. (Ritter, 2004)

ت	الفقرات	اتفق تماما	اتفق	محايد	لا اتفق	لا اتفق تماما
1	الشركة مستعدة تماماً لحل علاقات الزبائن إذا لزم الأمر.					
2	لدى الشركة صورة واضحة جداً حول الزبائن التي لا تريد التعامل معهم.					
3	يشير المدراء دائماً على أن الزبائن السيئين أفضل من عدم وجود زبائن.					



Examination of Denison's organizational culture Model

A comparative study

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Abstract

Nowadays, the development of mass media, the progress of technology, the rapid increase of competition in the national and international arena affect the policies and practices of the organizations. All of these factors have centralized values in some aspects of organizations' living spaces. At the beginning of these events is the concept of organizational culture, which represents the ecological balance and is seen as a living space. Organizational culture determines the organization's perception of itself and the external world. This form of perception leads him to the future by directing his actions. In terms of organizations, the culture that is so important must be understandable by the employees and be applicable to the managers. This study aims to reveal the Denison Organizational Culture Model in a holistic approach considering four main dimensions that include, involvement, consistency, mission, and Adaptivity. In addition, an empirical research has been carried out in the communication, textile and chemical sectors with the aim of seeing whether this work is different in the sectoral sense.

The findings indicate that employees understand the relationship between their tasks and the goals of the organization, and that the majority of employees are integrated with the work they do. It is seen that the employees have adopted the goals of the organization and carried out the work they have done towards this goal. In addition, the empirical examination states that the dimensions of 'Consistency' and Adaptivity do not show any difference and they are similar to each other in all sectors. It was found that only the textile sector differs from the Communication and chemical sectors, which are the other two sectors, while the organizational culture is in the "involvement" dimension. Another dimension, the 'Mission' dimension, was found to differ only between the Communication and textile sectors.

Keywords: Organizational culture, Denison Model, Sectorial differences, communication, textile, chemical.



1. Introduction

Despite the technological advances that have been experienced today, the human element still retains its importance for organizations. The ability of organizations to make a difference in their competitions will be possible with the difference that the possessed human element can put forth. The people who create the organizations and the relationships between them play a key role in terms of organizations. In this context, the organizational culture in which the organization has become an important concept that must be emphasized in order to use the human element effectively. Culture is necessary for a productive organization, and the stronger the culture, the more efficient and powerful the organization of the organization will emerge. For this, organizational culture establishes a link between employees and determines how the organization will respond to environmental changes. The organization determines the way in which it perceives itself and the outside world and directs its actions. Furthermore, it can be seen that organizations are very different in terms of the environment they are in, their competitive position in terms of their competitive strategies and their applications within the organization. Although organizations are formed from different perspectives, different cultures and employees with different characteristics, these workers come together in a purpose-oriented way and form a common system of beliefs and values. The name of this created system is organizational culture. Organizational culture is a paradigm that is an intellectual structure that allows the organization to see the truth. In this context, organizational culture is an important factor that distinguishes organizations, gives them identity and collects employees under the same roof.

Organizational culture is an important phenomenon that creates a bond among employees, brings employees together for a common purpose, enables them to act, shape employee behavior, guides organizational structure, guides how organizations respond to environmental changes, and reflects the organizational character. Organizational culture influences their emotions, thoughts and behaviours by giving them a look at the employees. It guides them to solve the problems they encounter in the organization. It does this with symbols, values, thoughts and assumptions shared within the organization. When evaluated in this respect, it plays an important role in determining the future of all the actions that employees produce within the organization and determines the future. Organizational culture serves as a kind of guiding force in making important decisions that will affect the life of the organization. This phenomenon, which has such a vital importance for organizations, must be based on a solid foundation, the organization must be present at



all levels, and understood and practicable by all employees. In this context, it is a model based on the work of the Denison Organizational Culture Model, which gives a special value to the business environment, especially due to the language and application it provides. This study is intended to be behaviour-based, to be directly related to the application, and to show the extent to which this model, which has an accountable approach, takes place in organizations.

2. Organizational Culture

The concept of organizational culture first found itself in the literature with the concept of organizational climate and in the article of Blake and Mouton (1964). Later, it was re-emerged in the article of Silverzweig and Allen (1976) under the name of corporate culture. This new concept has increased in popularity with the books of Deal and Kennedy (1982) and Peters and Waterman (1982) (Hofstede et al., 1990: 286). Towards the end of the 1970's, the first studies on the concept of organizational culture started. When the concept of culture is evaluated organizationally, Pettigrew (1979) is the first to emphasize the concept of organizational culture. These initiatives are Pettigrew's '*On Studying Organizational Cultures*' and T. J. Peters's '*Symbols, Patterns and Settings*'. In this study, Pettigrew organizational culture is composed of cognitive systems that explain the reasons for employees to think, evaluate and make decisions; beliefs and assumptions that define the functioning of the caste artifact (Pettigrew, 1979: 575).

Robbins (1986: 430-431), who uses the phrase 'I cannot define what an organization's culture is, but what I see when I see it' for organizational culture, defines the definition of an organization's culture as 'all the features shared by people in the organization'. The concept of organizational culture is defined by Schein (1990: 111) as "the internal unification of any community and evidenced by the positive outcomes that are revealed, identified, developed or learned during the adaptation to the external environment, basic assumption patterns that should be taught as the right way '. Denison also described the organization's culture as deeply rooted values, beliefs, and assumptions that members of the organization accepted and deeply involved (Denison, 1990: 15).

Cultural information that the organization was given to employees without written or spoken. This is how common culture functions as a guide. But people are unaware of the culture as much as they challenge themselves or another cultural background. This explains why managers and scientists have neglected culture for a long time (Cameron and Quinn, 2005: 14). Hofstede et al. (2010: 47) argue that organizational culture is the most debated concept of governance in the 1980s. In this



period, American firms have an important position on the world. (Harrison and Carroll, 2006: 6), and recognizing that this rise is due to a solid relationship between the organization and its members (Morgan, 2006: 118), the concept of organizational culture has made it very important.

Recently, many researchers have achieved work on organizational culture in different contexts. For example, Auernhammer and Hall (2013) investigate the relationship between knowledge and creativity management issues and organizational culture. Organizations seeking to make a positive impact on knowledge creation, creativity and innovation processes: Change must be open; promoting and evaluating free communication and new and / or unconventional ideas; tolerate mistakes; and to train staff who are motive in nature. Hogan and Coote(2014) use the conceptual model of Schein to develop an empirical model for organizational culture. Hogan and Coote state that the components of the organization culture, in particular norms, works and innovative behaviours, are partly mediated by the effects of innovating support values on firm performance measures.

Mari et al. (2015) examine the relationship between ethical culture and professional welfare at both the personal and the workplace level. Organizations need to support ethical practices in the workplace, develop business relationships, and pay special attention to business units with a low ethical cult because these work environments can cause employees to run out. Valmohammadi and Roshanzamir (2015) Organizational culture examines the relationship between TQM and performance. They express the positive direct effects of culture and TQM on performance and the positive effect of the culture on positive influence on TQM. In addition, Bortolotti et al. (2015) examines whether plants that successfully implement Lean Management are characterized by a specific organizational culture profile and whether they have adopted soft lean management practices extensively. In order to successfully implement Lean Management, it is essential to go beyond lean management techniques, adopt soft practices and develop appropriate Organizational Culture profiles. In the same context, Hartnell et al. (2016) examines the interaction between CEO leadership and organizational culture using two common themes (mission and relationship) in leadership and cultural research. They argue that leadership behaviour can take the place of cultural leadership when cultural values are unnecessary.

Each of the models developed for organizational culture has features that facilitate the understanding of organizational culture. The organization culture, which has a very complex structure in fact, becomes



more understandable with the help of such models. This work was based on the Denison Organizational Culture Model because it was designed around the work environment and used an effective business language, and because it was as easy to implement as it was in practice.

3. Denison Organizational Culture Model

Denison stated that in his work 'organizational culture and activity' there must be a harmony between strategy, culture and environment (Daft, 2004: 323-324). The model, developed in 1995, has been proven in 2006 as final. Denison and Mishra (1995) determined the qualities that they set for the organizations with the qualitative work done by the CEOs of certain companies, and then they conducted the questionnaire survey with 764 institutions and 35474 people from all corners of the world, from the largest to the smallest, with private or public institutions. have been confirmed by studies (Denison and Mishra, 1995: 204). This study was carried out between 1997-2001. Furthermore, in 2004, the validity and reliability of the Denison index in our country was tested by Yahyagil (2004).

Denison and Mishra (1995) first identified two main axes for the concept of organizational culture to be measurable. The first main axis is the changing qualities, desires, technological applications and innovations of customers who are outside the control of a group. environmental, that is, the degree of adaptability to external conditions. The second main axis is the capacity to realize the required structural and functional changes within the organization in order to adapt to the external environment. These two main axes have also been divided into two groups and they have formed four basic conceptual dimensions for organization culture (Denison, 1997: 2, Denison and Fey 2000: 7, Yahyagil, 2004: 60). These four dimensions, as seen in Figure 1, outreach ability, mission, involvement and consistency.

Figure 1. Basic Dimensions of Denison Organization Culture

	Change and Flexibility	Consistency and orientation
Compliance with External Conditions	Adaptability	Mission
Organizational Integration	Involvement	Consistency

Source: Yahyaagil, 2004: 60



The contents of the 4 main dimensions of organizational culture measurement tool can be explained in the light of Denison and Mishra (1995), Denison (1997), Ferguson (2003), Daft (2004) and Denison and Neale's explanations:

Involvement: This dimension is primarily concerned with features that facilitate knit involvement of members and facilitate the adaptation of newly hired members to the organization. This cultural dimension consists of the roadmaps and methods that must be followed to enable organizations to deliver high performance to their employees.

Consistency: This dimension stands on internal balances and a stable environment. This dimension of culture is concerned with the approaches and methods that the organization uses in its activities. Organizations with a consistent business model are more effective.

Mission: Organizations serving the outside environment are obliged to keep pace with rapid change. This dimension includes the vision and mission of employees. The organization is concerned with strategic decisions.

Adaptability: The adaptability dimension can be explained as a shift of strategic interest to the needs of the customers and the needs of the external periphery. In this cultural dimension, the importance of change skills required for organizations to keep pace with environmental changes is emphasized.

In order to understand the characteristics that distinguish the Denison organization culture model from the other organizational culture models, it is necessary to first examine the general characteristics of other organizational culture models. Other organizational culture models designed for research at the highest levels of organizations have often created a conceptual framework using objective and observational methods. Observational methods have been effective and have not been implemented well by the managers, although many issues have been revealed. Because most of the work is designed and built in the academic environment, the language of the business is not used, it remains as psychological and personality-based models. Since the links between the models and the business results are uncertain, it is necessary to translate the results into business language to evaluate or understand the results in the business context. The Denison organizational culture model, which is valid for research at all organizational levels, is a behavior-based model that can be met by managers' willingness to implement by developing a quantitative approach that is directly linked to practice and is accountable. The model was designed and built around the business. Unlike other models, it uses a business language to investigate organizational issues



and is a model related to business results. It is also an easy and fast model to implement.

4. Problem and Importance of the study

Individuals can exhibit different attitudes and behaviours by being influenced by the organization they are in. In other words, differences in perceptions of individuals can lead to differentiation of attitudes and behaviours. In this framework, the changing perceptions of individuals against different organizational factors can be expressed as one of the main reasons for the differentiation of individual behaviours. The perception is influenced by many different factors, and the factor posed in the study is organizational culture.

In the study, Denison organizational culture model was used as organizational culture models. The work that Denison made to create this model also shows that a healthy organization of cultures may be a high-level performance observer. Denison's organizational culture model measures four essential characteristics of organizations; These are 'Mission, adaptivity, Involvement and Consistency'. According to Denison; the organization of the culture, the organization of the organization and its adaptation to its environment, and the consistency of the employees' involvement in the decisions. The characteristics of adaptivity, mission, involvement and consistency that Denison put forward are dealt with in terms of integration of organizational culture into external conditions and integration within the organization. In this context, Denison defined the culture of the organization as 'deep-rooted values, beliefs and assumptions deep within the organizational structure accepted by its members'. Each organization has its own shared beliefs, leadership style, values to keep members alive, and activities that they strategically emphasize (Lund, 2003). On the other hand, the main problem discussed by the current study is whether there is a difference in the perception of organizational culture by employees working in different sectors based on Denison organizational culture model.

5. Data collection and methodology

The population of this study is the employees of Iraqi companies working in three main sectors that are, communication, textile, and chemical. When the sample of the study was created, the firms from three different governorates (Baghdad, Najaf, and Babel) are taken as the geographical area were examined. It has been determined that these companies are concentrated in textile, Communication and chemical sectors. In order to be able to see the reflection of the results of the work in different sectors, it was planned to apply in textile, Communication and chemical sectors. For the health of the population, a total of 6



companies have been implemented on the basis of 2 firms in the textile sector (Hilla Textile Factory, and Najaf sewing factory), 2 firms in the Communication sector (Asiacell, and Zain) and 2 firms in the chemical industry (Najaf tire Factory, and Kufa Cement Factory). The purpose of gathering research data and the questionnaire method were used. Surveys developed for collecting data were interviewed by senior managers of companies before they were sent to related firms. With this view, the purpose of the research conducted was explained and invited to participate in the research. All of the company managers who had made the preliminary interviews stated that they wanted to participate in this research and that the study could be done. Afterwards, questionnaires were sent to each of the firms and 210 questionnaires were provided by the management employees to answer the prepared questionnaires completely and correctly.

The questions in organizational culture and organizational power scale are organized as 'Likert type 5', '(5) strongly agree, (4) agree, (3) undecided, (2) disagree and (1) strongly disagree'. In the questionnaire, the employees were asked to mark their actual situation in the time they were working in this business, taking into account their own business, and marking expressions that best reflect their opinions. The expression '(5) strongly agree' on the scale shows that full involvement in the statement is '(1) Strongly Disagree', which means that the statement is completely rejected. The Denison Organizational Culture Scale has been developed by adapting the 'Denison Organizational Culture Survey', which is a history and used in many international researches. The Arabic Denison Organizational Culture Questionnaire used in the study was taken from the study of the Denison Organizational Culture Questionnaire prepared by (Yahyagil, 2004), translated into Arabic. There are four main organizational culture dimensions in the Denison Organizational Culture Scale. These are dimensions of Involvement, Consistency, Mission and Adaptivity. In total there are 36 questions for 4 dimensions. The reliability coefficient of the reliability questionnaire was 0.89. The questionnaire prepared by Yahyaagil, 2004 for the organizational culture scale was used.

6. Findings of the study

Findings of this study include indicating the sectoral and total descriptive statistics for the reliability of the questionnaire. In addition, the organizational culture and sub-dimensions were tested for differences across all sectors.



6.1. Sampling

As already mentioned in the survey, a sample consisting of 210 employees was studied. Table 1 shows the distributions according to the demographic and occupational characteristics of the employees participating in the survey: 40% (84) of the employees participating in the survey were in the age range 21-30, 39.5% (83) in the age group 31-40, 16,2% (34 people) are in the age range of 41-50 years and 4.3% (9 people) are over 51 years old. It is seen that 80% of the participants are in the age range of 21-40 years.

Of the participants, 53.4% (112 persons) were male and 46.6% (98 persons) were female. At the same time, 66.2% (139 persons) were married and 30% single and 3.8% (8 persons) have a marital status other than married or single. In addition, 15,2% (32 people) of the participants were primary / secondary education, 32% (67 people) were high school and balanced schools, 41,4% (87 people) master degree and 0.4% (1 people) have doctorate degree. It is also seen that 53% of the participants have a higher education degree.

Table 1. Demographic and Occupational Characteristics of Participants

Gender	n	%	Education status	n	%
Male	112	53,4	Primary / Secondary Education	32	15,2
Female	98	46,6	High School and Balanced Schools	67	32,0
Age	n	%	License	87	41,4
21-30	84	40,0	Master	23	11,0
31-40	83	39,5	Doctorate	1	0,4
41-50	34	16,2	Working time in operation	n	%
51 and over	9	4,3	Less than 1 year	26	12,4
Marital status	n	%	1-3	52	24,8
The married	139	66,2	4-6	54	25,7
Single	63	30,0	7-9	36	17,1
Divorced	8	3,8	10 years and over	42	20,0
Position	n	%	Total Working Time	n	%
Working	138	65,7	1-5 years	64	30,5
Lower Level Manager	34	16,2	6-10 years	64	30,5
Middle Level Manager	30	14,3	11-20 years	65	30,9
Senior Manager	8	3,8	21 years and over	17	8,1
Total	210	100	Total	210	100

The sample consisted of employees with 66.2% (139workers), employees with 16.2% (34 employees) employees with lower positions, and (14.3%) of the sample are middle level managers, and employees with 3.8% (8 people) are known to be senior managers.

In addition, 12.4% (26 people) were less than 1 year, 24.8% (52 people) were between 1-3 years, 25.7% (54 people) were between 4-6 years, 17,1% (36 people) have worked between 7-9 years and 20% (42



people) have been working for 10 years and over. 30,5% (64 people) 1-5 years, 30,5% (64 people) 6-10 years, 30,9% (65 people) in the total working hours, 11-20 years, 8.1% (17 people), 21 years and over.

6.2. Reliability Analysis of the Measurement Tool

Cronbach's Alpha test of the scale related to 'organizational culture' included in the questionnaire used as a measurement tool in the research was applied by using SPSS program. Reliability analysis results for this scale are included in the following tables.

Table 2. Reliability Results

	Question No.	Mean	Stand. Dev.	Alpha
Organizational culture	36	3,91	0,602	0,942

The internal consistency coefficient of Cronbach's Alpha (α) is 0.80 $<\alpha>$ 1.00, indicating that the scale is highly reliable. As seen in Table 2, the internal consistency coefficient of the organizational culture was calculated as 0,942. Therefore, it can be concluded that the scale accurately measures the characteristics that the injured items want to measure.

6.3. Descriptive Statistics of Organizational Culture Dimensions

Descriptive statistics of the data obtained about the organizational culture and its sub-dimensions, which are important variables of the study, are given in the tables below and the results obtained are interpreted.

Table 3. Descriptive Statistics of Involvement -Dimension

propositions	COMMUNICATION			TEXTILE			CHEMICAL			TOTAL		
	n	X	ss	n	X	ss	n	X	ss	n	X	ss
1. The majority of employees are integrated with the work they do.	60	4,18	,890	85	3,67	1,250	65	4,30	,915	210	4,00	1,093
2. As long as there is sufficient information sharing among employees, everyone can get the desired information when necessary.	60	3,89	1,094	85	3,91	,926	65	3,77	1,284	210	3,86	1,090
3. When making business plans, all employees are included in the decision-making process to some extent.	60	3,90	1,058	85	3,51	1,065	65	3,87	1,304	210	3,73	1,150
4. There is no cooperation between different departments (departments).	60	4,12	,997	85	3,88	1,011	65	4,04	,999	210	4,00	1,006
5. Teamwork is the basis for all business activities.	60	3,97	,915	85	3,60	1,026	65	4,12	,932	210	3,86	,991
6. All employees understand the relationship between their duties and the objectives of the employer.	60	4,18	,910	85	3,74	1,086	65	4,26	,969	210	4,03	1,028



7. Employees are given the necessary authority to plan their own business.	60	4,09	,984	853,68	,979	1223,98	1,135	2103,89	1,041
8. The working capacities of our employees are constantly improving.	60	3,99	,946	853,88	,971	1223,74	1,027	2103,87	,983
9. Everything is needed to improve the work skills of employees.	60	3,94	1,02	853,77	1,025	1223,65	1,272	2103,78	1,105
Involvement	60	4,02	,611	85 3,73	,690	122 3,96	,745	210 3,89	0,70

In the Communication sector, it is seen that the majority of the workers are integrated with the work they are doing and that they understand the relationship between their tasks and the aims of the business (4,18). It is desirable to share information in organizations and to reach the desired information when necessary. It can be said that Communication (3,89) related to this situation is in a good level of involvement and relatively low in the Communication sector. When the findings for the dimension of 'Involvement', which constitute the whole of the sub-dimension, are examined, it can be said that the 'Involvement' item, which is the sub-dimension of organizational culture for the Communication sector, is formed in organizations (4,02). Looking at the data obtained in the Communication sector, it is observed that there is an intense involvement.

Participants are asked to share information among the employees when the responses to the 'involvement' dimension of the organizational culture of the textile sector are examined and if necessary, the employees can access the desired information (3,91). However, it seems that the inclusion of employees in the decision-making process is not perceived at a sufficient level (3,51). For the textile sector, it can be said that 'involvement', which is the sub-dimension of organizational culture, does not have an intense level of involvement in organizations (3,73). Looking at the responses of the organizational culturists regarding the 'involvement' dimension to the participants in the chemical sector, it is seen that the employees' integration with the works (4,30) and the aims of the organization (4,26) and the level of involvement in this situation are intensified. In addition, the perception that there is not enough work to improve the skills of employees in the sector and to strengthen them is the dominant concept (3,65). Looking at the findings of the 'Involvement' dimension, which constitutes the whole of the sub-dimension, it can be said that the 'Involvement' item is formed in the organizations and has a sufficient level of involvement in terms of the general average.

In terms of all sectors, when the table is evaluated, the data obtained show that employees are integrated with their work and that they also adopt the goals of organization (4,03). However, the perception that



employees' involvement in the decision-making process is relatively insufficient is prevalent (3,73). For the 'Involvement', which constituted the whole of the bottom dimension, they gave the opinion of 'Agree' with an average of 3.89. Based on these findings, it can be said that 'involvement', which is the sub-dimension of organizational culture for all sectors, is formed in organizations and has a significant level of involvement.

Table 4. Descriptive Statistics of Consistency-Dimension

propositions	COMMUNICATION			TEXTILE			CHEMICAL			TOTAL		
	n	X	ss	n	X	ss	n	X	ss	n	X	ss
10. Managers do what they say.	60	3,75	,997	85	3,44	1,123	65	3,59	1,232	210	3,58	1,125
11. We have a clear and consistent value system leading to our methods of working and seeing.	60	3,91	1,016	85	3,79	1,007	65	3,69	1,267	210	3,80	1,093
12. There are no moral values that guide our behavior in the conduct of work and make it possible to distinguish between right and wrong.	60	4,13	,967	85	3,94	,995	65	4,12	1,009	210	4,05	,993
13. When there is a disagreement in business activities, each employee makes a lot of effort to find a satisfactory solution.	60	4,07	1,049	85	3,81	1,138	65	3,67	1,440	210	3,85	1,217
14. This business has a strong business culture.	60	4,15	,907	85	3,73	1,068	65	4,02	1,157	210	3,94	1,064
15. It is easy to get an opinion even in problematic situations.	60	3,93	1,064	85	4,10	1,015	65	4,06	1,173	210	4,04	1,078
16. Our employees are able to share a common point of view in terms of their business activities, even in different parts of the business.	60	3,98	,971	85	3,84	,925	65	3,93	1,085	210	3,90	,987
17. Projects carried out by different departments of the operator are easily coordinated.	60	3,99	1,103	85	3,73	,887	65	4,05	1,265	210	3,90	1,081
18. Working with one person from another is almost like working with someone from a different business.	60	4,05	1,190	85	3,81	,863	65	3,97	1,178	210	3,93	1,067
Consistency	60	3,99	,706	85	3,79	,684	65	3,89	,791	210	3,88	,726

It appears that the workers in the Communication sector clearly demonstrate that they are working in organizations that are a strong culture (4,15). However, managers have the perception that they are not consistent enough to practice what they say (3,75). According to the findings of 'Consistency', which constitutes the whole of the lower dimension, it can be said that the 'Consistency' element, which is the sub-dimension of organizational culture for the Communication sector, is at an adequate and significant level in the organizations in the Communication sector (3,99).

In the textile sector, when a problem is encountered, a coherent approach has been demonstrated in order to provide a consensus on the solution of this problem (4,10). However, there is a perception that managers do not act consistently about what they say (3,44). When the



whole dimension of 'consistency' is evaluated, it can be said that 'Consistency' element is formed in the organizations in the textile sector (3,79).

Given the responses of participants in the chemical sector regarding the 'Consistency' dimension, it is seen that employees perform their work on the basis of ethical values (4,12). Nevertheless, as in other sectors, people in the chemical sector also feel that there is no consistency between the rhetoric of administrators and their practices (3,59). It can be argued that the 'Consistency' item which constitutes the whole of the lower dimension is at the desired level in the organizations in the chemical sector (3,89).

When the participants in all sectors examine the answers to the 'Consistency' dimension of organizational culture, it is seen that the employees are doing their jobs on the basis of cultural values and moral values they have in their organizations (4,05). It has been found that the consistency of what managers say is what they say is valid for all sectors and for all data obtained in the study (3,58). When we look at the findings of the 'Involvement' dimension which constitutes the whole of the lower dimension, it can be said that the 'Consistency' element, which is the sub-dimension of organizational culture for all sectors, is formed in organizations (3,88).

Table 5. Descriptive Statistics of Adaptivity-Dimension

propositions	COMMUNICATION			TEXTILE			CHEMICAL			TOTAL		
	n	X	ss	n	X	ss	n	X	ss	n	X	Ss
19. Our way of doing business is very flexible and changeable.	60	3,61	1,163	85	3,57	1,163	65	3,87	1,192	210	3,67	1,176
20. Management can develop appropriate strategies depending on competitors' business activities and changes in business.	60	4,12	1,005	85	3,63	1,085	65	3,86	1,275	210	3,84	1,138
21. Innovations and developments in our business are monitored and implemented by the management.	60	3,98	,946	85	3,93	,924	65	4,11	,920	210	4,00	,930
22. Customer's desire and recommendation can lead to frequent changes in business activities.	60	4,11	,944	85	3,79	,965	65	4,15	,933	210	3,99	,962
23. All employees pay attention to the needs and desires of our customers.	60	3,96	1,117	85	4,16	,843	65	3,90	1,160	210	4,02	1,032
24. Customer requests are generally not considered in our business activities.	60	4,11	,935	85	4,08	,819	65	3,92	1,175	210	4,04	,970
25. When any failure is encountered, it is	60	4,20	,880	85	3,93	,878	65	3,84	1,361	210	3,99	1,050



considered by management as an opportunity for development and learning.												
26. Innovation and risk taking in the work done are requested and rewarded by the management.	60	3,98	1,139	85	3,89	1,092	65	3,95	1,252	210	3,93	1,153
27. Employees' learning about their work (getting new information) is an important goal.	60	<u>4,38</u>	,737	85	4,12	,813	65	4,05	,995	210	<u>4,18</u>	,858
Adaptability	60	4,04	,602	85	3,89	,598	65	3,96	,683	210	3,96	,627

In the Communication sector, a high average of how important it is for employees to learn new knowledge in order to gain out-of-the-box skills (4,38). It also appears that employees' work styles are not very flexible and do not show a continuous change (3,61). It can be argued that the 'Adaptivity' element, which makes up the whole of the bottom dimension, is formed in organizations in the Communication sector (4,04).

In the textile sector, it is seen that in order to gain the ability of external adaptation, customers' desire and perception of how important it is to understand and fulfil those requests is placed (4,12). Participants' suggestion that our work-and-sight style is highly flexible and changeable is obvious, but the perception that work styles do not undergo an intensive change by participating at the lowest level with an average of 3,57 is prevailing. It can be stated that the 'Adaptivity Skills' constituting the whole of the lower dimension is significant in the organizations in the textile sector (3,89).

In chemical sector, in order to gain out-of-the-box skills, it is well-known that customers can act according to their wishes and opinions, and business activities can be changed if necessary (4,15). 'When any failure is encountered, this is considered by the management as an opportunity for development and learning', but they also have a low level of participation compared to the average of 3.84. It can be argued that the adaptivity Ability' item, which constitutes the whole of the bottom dimension, is at a significant level in organizations in the chemical sector (3,96).

It is emphasized that learning new knowledge of employees is an important aim in order to gain adaptivity ability in all sectors (4,18). Participants are highly flexible and changeable in the way we work and see, but with a mean of 3.67, we have reached the lowest level, which means that the way we work in the sectors has not changed much. For 'adaptivity, which constitutes the whole of the lower dimension, it can be said that it is formed in organizations in all sectors (3,96).



Table 6. Descriptive Statistics of Mission –Dimension

	COMMUNICATION			TEXTILE			CHEMICAL			TOTAL		
propositions	n	X	ss	n	X	ss	n	X	ss	n	X	Ss
28. We have a long-run business program and a specific development plan.	60	4,04	1,081	85	3,75	1,089	65	4,12	1,161	210	3,95	1,118
29. We have a clear, open business mission that employees can direct the work they do.	60	3,92	,876	85	3,74	1,082	65	3,70	1,089	210	3,78	1,029
30. There is no strategic work-plan for the future of the business.	60	4,07	1,009	85	3,84	,938	65	4,06	1,108	210	3,97	1,015
31. There is a full agreement among the employees regarding the operational purposes of the enterprise.	60	3,84	1,081	85	3,78	1,043	65	3,89	1,239	210	3,83	1,113
32. Managers are able to act in accordance with the main objectives of our business.	60	4,02	1,004	85	3,83	1,012	65	3,75	1,412	210	3,86	1,143
33. Employees know what to do in order to be successful in the long run.	60	4.24	,928	85	3,75	,959	65	4,11	1,043	210	4,00	,996
34. Employees are far from sharing the business vision that has been set for the future.	60	4,18	,899	85	3.96	,935	65	3,99	1,016	210	4.03	,951
35. Our managers have a long-term perspective.	60	4,05	1,038	85	3,92	,997	65	4,09	,962	210	4,01	1,000
36. Short-run business demands can be met without sacrificing our vision.	60	4.23	,899	85	3,78	,993	65	4.16	1,023	210	4.03	,995
Mission	60	4,06	,653	85	3,81	,660	65	3,98	,719	210	3,94	,683

When the participants in the Communication sector examine the answers given by the organizational culture about the dimension of 'Mission', it is seen that the employees understand and adopt the mission and vision that they have, and they act in that direction (4,24). In addition, 'the employer has a full consensus among the employees regarding the activity purposes', but they also have a low level of involvement compared to the average of 3.84. This means that there is no compromise between employees. For the 'Mission', which constitutes the whole of the lower dimension, it can be said that it is formed in organizations at a desirable and important level in the Communication sector (4,06).



Participants in the textile sector have shown that businesses related to the organizational culture's 'mission' dimension share the vision of the future they set for the future (3,96). Participants 'suggest that we have a clear, open business mission that employees can direct the work they do', but they do not necessarily mean that the business does not have a clear and open mission, with a relatively low involvement rate of 3.74 average. It can be said that the 'Mission' dimension, which is the whole of the lower dimension, is formed in the organizations in the textile sector (3,81).

Participants in the chemical sector were found to act in accordance with their mission and vision while fulfilling short-term job demands when they examined the responses to the organizational culture's 'Mission' dimension (4,16). Participants had a 'clear, open business mission that employees can direct the work they do', but they also showed a low level of involvement compared to an average of 3.70. For the 'Mission' which constitutes the whole of the lower dimension, it can be said that it is at a significant level in the organizations in the chemical sector (3,98).

Employees in all sectors are engaged in the task of mastering the mission and vision (4.03), and at the same time, short-run business demands in a manner to suit the mission and vision (4,03). Participants had 'a clear, open business mission that employees can direct the work they do', but they also showed a low level of involvement compared to an average of 3.78. In this case, it should not be understood that the operator does not have a clear vision. For the 'Mission', which constitutes the whole of the sub-dimension, it can be said that it occurs in organizations in all sectors (3,94).

6.4. Gross Differential Tests of Organizational Culture Dimensions by sector

One-way ANOVA was conducted to see whether the 'organizational culture', which is an important variant of the study, had a sectoral difference ($F = 5,143$; $p < 0.05$). The POST-HOC process, which Iraq proposed to determine which sector is favourable to this difference, was done. When POST-HOC results were examined, it was determined that the textile industry's involvement averages ($X_t = 3.81$) and Communication sector average ($X_b = 4.03$) were lower than the average of the textile industry workers. As a result, textile industry employees performed all of the organizational culture at a lower level has been reached. The findings are given in Table 7 below.

**Table 7. Analysis by Organizational Culture Sectors**

Sector Type	n	X	ss	F	p	Difference
Communication	60	4,03	0,59	5,143	0,006	1-2
Textile	85	3,81	0,57			
Chemical	65	3,95	0,64			
Total	210	3,92	0,60			

1=communication, 2=textile, 3=chemical

One-way analysis of variance was used to see whether the 'Involvement' dimension differs from the sectoral basis. At the end of the one-way analysis of variance, it was determined that the answers to the 'Involvement' sub-dimension showed a statistically significant difference at 0.05 level according to the sectors ($F = 7,514$, $p < 0,05$). The POST-HOC process, which Iraq proposed to determine which sector is favourable to this difference, has been implemented. When the POST-HOC processing result was examined, it was determined that the involvement average of the textile sector ($X_t = 3.73$) was lower than the average of Communication ($X_b = 4.02$) and chemical ($X_g = 3.96$), consequently textile industry employees' Communication and chemical sector According to their employees, the organization has reached the judging point that the involvement dimension of culture is realized at a lower level. The findings are given in Table 8 below.

Table 8. Sectoral Difference Test of Involvement Dimension

Sector Type	n	X	ss	F	p	Difference
Communication	60	4,02	0,61	7,514	0,001	1-2; 3-2
Textile	85	3,73	0,69			
Chemical	65	3,96	0,74			
Total	210	3,89	0,69			

1=communication, 2=textile, 3=chemical

It was determined that the responses to the "Consistency" sub-dimension at the end of the one-way analysis of variance used to see whether the dimension of organizational culture "Consistency" differed in terms of sectoral differences did not show a statistically significant difference at the level of significance 0,05 according to sectors ($F = 2,716$; $p > 0,05$). In other words, if the participants are in any sector they are judged to have a similar 'Consistency' level. The findings are given in Table 9 below.

Table 9. Sectoral Difference Test of Consistency –Dimension

Sector Type	n	X	ss	F	p	Difference
Communication	60	3,99	0,70	2,716	0,067	
Textile	85	3,79	0,68			
Chemical	65	3,89	0,79			
Total	210	3,88	0,72			

1=communication, 2=textile, 3=chemical



It was found that the answers to the sub-dimension 'adaptivity Ability' did not show a statistically significant difference at 0.05 level between the sectors ($F = 2,065$, $p > 0$) at the end of the one-way variance analysis used to see whether the adaptivity Ability ' , 05). In other words, if the participants are in any sector, they are judged to have a similar ' adaptivity level. The findings are given in Table 10 below.

Table 10. Sectoral Difference Test of adaptivity Dimension

Sector Type	n	X	ss	F	p	Difference
Communication	60	4,04	0,60	2,065	0,128	
Textile	85	3,89	0,59			
Chemical	65	3,96	0,68			
Total	210	3,96	0,62			

1=communication, 2=textile, 3=chemical

In the one-way ANOVA analysis to see whether the 'Mission' dimension differs from the sectoral sample, it was determined that the answers to the 'Mission' sub-dimension showed a statistically significant difference at the level of 0.05 masculinity according to the sectors ($F = 5,319$; $p < 0,05$). The POST-HOC process, which Iraq proposed to determine which sector is favourable to this difference, has been implemented. It was determined that the POST-HOC processing result was lower than the average involvement rate of the textile sector ($X_t = 3.81$) and the average of the Communication sector ($X_b = 4.06$). As a result, it was found that the involvement dimension of the organization culture was lower than that of the Communication sector employees of the textile sector employees they have reached the judgment they have made. The findings are given in Table 11 below.

Table 11. Sectoral Difference Test of mission Dimension

Sector Type	n	X	ss	F	p	Difference
Communication	60	4,06	0,65	5,319	0,005	1-2
Textile	85	3,81	0,66			
Chemical	65	3,98	0,71			
Total	210	3,94	0,68			

1=communication, 2=textile, 3=chemical

When evaluated in the sectoral sense, it is seen that the dimensions of 'Consistency' and 'Adaptivity' do not show any difference and they are similar to each other in all sectors. It was found that only the textile sector differs from the Communication and chemical sectors, which are the other two sectors, while the organizational culture is in the "involvement" dimension. Another dimension, the 'Mission' dimension, was found to differ only between the Communication and textile sectors.



7. Discussion and Conclusions

Organizational management should take a leading role in adapting to the changes that may occur, and the organization that is needed should form a culture. Employees should adopt the mission that they have, have participative in organizational processes, exhibit consistent behaviour, and have an important role in the organization's external compliance. In this study, a comparison was made between the theoretical opinions and thoughts that are presented in detail in the conceptual framework of the study and the situation that arises in the practice of the study. This study aims to reveal the Denison Organization Culture Model in a holistic approach. In addition, an empirical study has been carried out in the Communication, textile and chemical sectors with the aim of seeing whether this work is different in the sectoral sense. The findings of this study can be summarized as follows:

One of the aims of the research was to see to what extent the dimension of 'Involvement' which is one of the sub-dimensions of organizational culture was realized and whether there was a difference in the sectoral sense. When this dimension is assessed, it has been found that employees understand the relationship between their tasks and the goals of the organization, and that the majority of employees are integrated with the work they do. It is seen that the employees have adopted the goals of the organization and carried out the work they have done towards this purpose. When evaluated by sector, it is seen that most of the workers in the Communication (4,18) and chemical (4,30) sectors are integrated with the work they do. Both sectors show that employees are aware of what they are doing towards their business. In the Textile (3,91) sector, it was revealed that cooperation between the departments in the organization, where necessary, everyone can get the desired information and share the information among the employees at a sufficient level. Involvement in the textile sector is intensely visible in situations where information sharing takes place at the desired level. Involvement is more intense in the Communication and chemical sectors, but involvement in the textile sector is also significant, but relatively low compared to other sectors. When the results of the one-way analysis of variance were examined, it was determined that the textile (3,73) sector differs from Communication (4,02) and chemical (3,96) sectors in order to see whether the involvement dimension varies in the sector. Since the involvement rate in the textile sector is lower than other sectors, it has been reached that the organization has realized the cultural dimension at the lower level. Generally, it has been found that the involvement of employees in the organization is important, and the employees are found to be participant, sense of belonging and more efficient.



Another of the objectives of the study is to evaluate the dimension of 'Consistency' both in general and sectoral sense. It is the opinion that in the dimension of 'Consistency' it is the moral values which direct all the employees' behaviour and distinguish between right and wrong, and that it is easy to reach a consensus even in problematic situations. All employees have reached a conclusion that their work has a similar consistency towards knitting. Communication (4,15) is a strong organizational culture that provides consistency in the industry, and at the same time it is seen that both Communication (4,13) and chemical (4,12) are ethical values that distinguish between right and wrong. The cultural and ethical values that the organization has are causing consistent behaviour among employees. In the textile (4,10) sector, consistency is established by providing an opinion group easily even in problem areas. There is no difference between the sectors in terms of the Consistency dimension of organizational culture. In other words, it is seen that if workers are in any sector, they are similar to each other. It is seen that values, ideas, movements and behaviours are done in the same way in the organizations and sectors in which work is done, creating an internal balance and a stable environment.

Another dimension of organizational culture is the purpose of evaluating the Adaptivity dimension. In terms of out-matching skills, learning new knowledge about the work of all employees is perceived as an important goal. Organizations are aware that acquiring external adaptation skills will be achieved through the acquisition of new information, and it is seen that the employees have become the aims of acquiring new information through their work. Regarding this dimension, it is considered an important aim to learn new information about the work of the workers in Communication (4,38) sector. In other words, employees are perceived as one of the important aims of the new information acquisition organization. It has been determined that in the textile (4,16) sector, all the employees pay attention to the needs and desires of the customers and in the chemical (4,15) sector, the requests and suggestions of the customers are frequently changed in business activities. While the wishes and recommendations of the customers are in the forefront in order to provide Adaptivity in the textile sector, it is possible to change frequently in business activities, in order to ensure this adaptation in the chemical sector. It has been found that behaviours towards out-of-context adaptation have occurred in organizations at significant proportions. There is no sectoral difference in the adaptivity skill dimension of organizational culture. In other words, whichever sector the employees are in, they have a similar Adaptivity skill level, and they are also making an effort in their efforts to earn it. In this cultural



dimension, the result is that they have the change skills necessary for organizations to quickly adapt to environmental changes.

The 'Mission' sub-dimension of the organizational culture is another of the dimensions examined in the study. It is seen that in the aspect of the mission, all employees share the vision of the future determined and meet short-term business demands in line with this vision. It can be said that the employees have mastered the vision and mission of the organization and that they have done their jobs in this direction. It has been found that in the Communication (4.24) sector, employees are required to make long-term co-operation successfully and meet short-term business demands without sacrificing their visions. In the Textile (3.96) sector, it is revealed that the employees share the vision of the organization determined for the future and that the managers have a long-term perspective. In the chemical (4.16) sector, it is seen that short-term job demands are met without compromising their visions, even though they have long-term business programs. When the mission dimension is evaluated in terms of sectoral differences, it is seen that there is a difference only between Communication (4.06) and textile (3.81) sectors. Despite the long-term vision and mission conception of the business in both sectors, short-term jobs in the Communication sector can be realized without compromising visibility, while the textile sector is actively evaluating long-term business plans. When the mission dimension is evaluated, it is seen that the employees whose vision and goals are the clear objectives of the organizations within the scope of the study share the vision and the mission of the organization.

Finally, both the entire data, as well as the sectoral sense, make a significant contribution to the Denison Organizational Culture Model and demonstrate that the Denison Organization Culture Model can emerge and be implemented in the sectors involved in the research. However, when all of the data obtained within the scope of the research are analysed; Although there are differences in descriptive statistics regarding dimensions of 'involvement', 'consistency', adaptivity ability' and 'mission' that constitute the sub-dimensions of the Denison Organizational Culture Model, there is no emergence of these dimensions to be evident and all of the Denison Organizational Culture Model it is considered to be perceived as a dimension.

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Accounting Research



The Role of Auditing in Detecting Practices of earnings Management and Reporting at Iraqi Stock Exchange

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Abstract

In this study, the relationship between accruals profit management and the real profit management with independent audit quality is studied. Three independent variables of the study include audit tenure, The auditor industry specialization and auditor size while two dependent variables include accruals earnings management as well as The real profit management. statistical society of the study are selected from valid companies in Iraqi stock exchange between 2010 and 2015. The study has 6 hypotheses processed in the form of two regressions. The models of the study are analyzed with evIEWS statistical software version 8. The results of the study proved a meaningful relationship between audit tenure and accruals earnings management while the same meaningful relationship is seen between the auditor industry specialization .

A meaningful relationship is seen between auditor size and accruals earnings management.

Yet no meaningful relationship is seen between audit tenure and the real profit management. the same is true for the auditor industry specialization .

The real profit management as well as auditor size and the real profit management. Practical suggestions are mentioned at the end of the article.

Key Words: The real profit management, accruals earnings management, audit tenure, the auditor industry specialization, auditor size, Iraqi stock exchange

Introduction

Previous studies in the field of profit management prove two main approaches for such a management. CEOs are able to manage benefits through accruals as well as actual activities manipulation (Hilly et al., 1999). Profit management literature mostly insist on profit management based on accruals. However, quantitative studies regarding actual profit management had been carried out. Actual profit management is accompanied by change in timing or the structure of actual activities.



Therefore, the researchers of actual profit management look for detecting abnormal levels of entity's activities (Legni et al., 2009).

CEOs take advantage of two management methods based on accruals and real profit management to manipulate benefit. In the first approach, management is done through manipulating accruals to accounting numbers in accordance with its required goals. In this method, the CEO manages the profit through accelerating income recognition as well as delay in recognition of expenses to present a better performance in the current period. However, the CEO turns to the actual profit management through adopting some operational decisions, i.e. manipulating real activities, reaches the required benefit. Studies such as Hilly and Wellen (1999), Fadenburgh and Tiroul (1995), Dichou and Skinner (2000) and Roichodury (2006) point to approaches such as sales through discount, changes in shipping table, reduction in discretionary spending, for instance expenses of research and development, as well as overproduction as management methods.

In spite of expenses related to manipulating actual activities, it is unlikely that managers confine themselves to manipulating accruals to manage benefits. The results of studies such as Beronz & Merchant (1990) and Graham et al. (2005) reveal the great tendency of executive managers to manage profit through actual activities compared with manipulating accruals since profit management based on accruals is mostly paid attention to by auditors and executives while real profit management is often similar to usual decisions of business units, whose recognition is more difficult. Secondly, manipulating accruals poses a risk because it is likely that the amount of interest required for manipulation is higher than the available discretionary accruals. Hence, using discretionary accruals at the end of the year may lead to not meeting the related goals. Such remarks limit profit management based on accruals. However, manipulating actual activities comes with lesser exposure toward such limitations. Even though activities of profit management based on accruals comes with no direct effect on cash flow, actual profit management directly affects cash flows (Lee, 2010).

Problem Description

The reported benefits of companies are considered as a highlighted decision-making criterion as well as the most important criteria to evaluate performance and value of businesses used by a wide range of consumers, such as shareholders, investors, stock brokers and so on. Since estimating profits of businesses is affected by methods of accounting estimation while preparing financial statements is accepted by the business president, the president may manage profit for different



reasons. A large number of accounting researches believe that profit management is a form of manipulating financial statements requiring selection of accounting methods and/or reporting rules framed by a specific pattern which leads to the reduction in deviation of reported benefits (Kapland, 1968). The impact of stock prices, salary rise and benefits management and avoiding violation of loan agreements are among motives leading to profit management. A majority of such motives are related to future benefits, such as rewards, or preventing future losses, such as drop in stock prices (Dupnick, 2008).

On the other hand, other analytical models show that a rise in opportunistic profit management leads to a rise in the level of information asymmetry. For instance, Trueman & Titman (1968) analytically show that the asymmetry between management and shareholders is the main condition for management. Piot & Janin (2005).

Believe that auditing could be one of the ways to prevent and reduce profit management since it is widely believed that the companies which present audited financial statements own information content and profit of higher quality. Accruals depend of CEOs' judgments yet auditing the companies with more accruals is more difficult. Newaise et al. (2016).

believe that higher quality auditing detects auditing performances with a higher chance since auditing institutions of high quality own more expertise, resources and motives to detect mistakes and cheats. In this regard, a single and skillful auditing institution is able to recognize misrepresentation of addressed financial statements items as well as affecting true presentation to the employer so that reliable financial data is reported. Reaching such a desirable objective is totally dependent on the features of auditing institutions. However, Guanti et al. (2015).

notes that the method and approach of profit management may influence the auditor into doubtful recognition and eventually not recognized as well. Therefore, the study surveys whether different methods of profit management (including manipulating voluntary accruals and actual profit management) have a meaningful relation with independent auditing of financial statements?

Literature Review and Hypotheses Development

- Definition of Profit Management

Jones & Marsha (2001) present a general definition for profit management. According to them, profit management (profit manipulation) happens when CEOs modify financial reports and structure of exchanges through judgment (recognition) to mislead some beneficiaries (including shareholders, creditors, staff, government,



investors and etc.) about economic performance of the company through influencing the results of the contract reported to accounting numbers. De (1988).

notes that profit management is usually caused by CEOs using the benefits of information asymmetry. He expressed, at least, two main problems: firstly, profit is manipulated to increase CEOs compensations provided by investors; secondly, actual investors tend to have the market derives a better understanding of value. Therefore, a potential wealth transfer from new investors to old ones, who are local demand creators', for profit management.

- Differences Between Accruals Management and Actual Activities Manipulation

There are main differences between management of accruals and manipulation of actual activities. Any form of manipulation in actual activities compared with management of accruals should happen in periods during the year. Manipulation of actual activities happen when managers predict that profit may fail in fulfilling their targets except when they get involved with activities originating from the company's normal method and/or some other factors (Strict Accounting Standards) restricts management of accruals. The other advantage of modifying actual activities to manipulate profit is that the auditors and executives notice such behavior less. The other difference between these two forms of profit management is that management of accruals in the year of happening is that it's almost clear, however, manipulation of actual activities is not easily notices (Yo, 2008).

Actual profit management directly influence company's cash flows. In this method, cash is sacrificed by interest accruals whose most important loss is losing value of the company due to reduction of cash flows in future periods. Management of accruals is not without costs. Detecting manipulation of accruals may cause the possibility of the need to specially considerations from auditors' sides. Additionally, it may lead to financial penalties by legal professional societies (such as stock exchange and securities), the need for re-profit as well as surveying the matter in the civil courts (Mojtahedzadeh&ValizadehLarijani, 2009).

The main difference is between management of accruals and manipulation of actual activities in scheduling profit management. Manipulation of actual activities happen when CEOs predict that profit fails in meeting objectives except that they perform activities originating from the company's normal procedures and/or when some other factors (Strict Accounting Standards) restricts management of accruals. In order to fulfill benefit-related objectives, the managers are able to wait to the end of the year and use voluntary accruals to manage reported benefits.



The method owns the risk that the required profit for manipulation is larger than the available voluntary accruals because the existing authority related to accruals is restricted by general principles of accounting (Barton & Simko, 2002).

Fundamental economic events of a company exposes management ability to report profit based on accounting numbers. Hence, using voluntary accruals at the end of the year may not lead to benefit-related objectives. Considerations of such restricts management of voluntary accruals. Comparatively, manipulation of actual activities is less restricted. The other advantage of modifying actual activities to manipulate profit is that auditors and executives barely notice such behavior. Relative clarity of voluntary accruals management, however, manipulation of actual activities is not easily recognized which is among other differences of these two forms of management. It should be noted that manipulation of actual activities is not the means to change the formation of accounts. In this method, the CEOs modify the time to operate, form of resources allocation and/or the time to perform investment projects. Activities of profit management based on accruals comes with not direct consequence of cash flow (Kohen & Zarobin, 2008).

Actual profit management directly influences company's cash flows. In this method, cash is sacrificed by accruals interest whose biggest loss is losing the value of the company due to reduction of cash flows in future periods. Management of accruals is not without costs. Discovering manipulation of accruals may cause the possibility of the need for specific measurements from auditors' sides. Additionally, it may lead to financial penalties by professional legal societies (such as stock exchange), the need to present profit once more as well as surveying the topic in legal courts (Valizadeh Larijani, 2008).

The results of studies of Gore, Pop & Sighn (2001) confirms the negative relation between quality of auditing and profit management in IPO process. Ilder & Zha (2001) came to the conclusion in their study that the existence of auditing committee and its size reduces profit management. Francis (1999; quoted by Sajjadi & Arabi, 2014) concludes in his study that companies with more tendencies toward accruals use the services of 6 great auditing institutions to validate profit with more possibility. The results of Zhou & Elder' (2002).

Study depict that companies audited by 5 great auditing companies have less profit management. Gore (2001; quoted by Sajjadi & Arabi, 2014) in his study on state companies conclude that auditing quality reduces the possibility of occurrence of profit management. Banister



&Vist (2001) concluded that auditing quality restricts profit smoothing. Kapenz&Peick (2005) and Burgstahler et al. (2004) also studied the effect of auditing quality on profit management in private companies and concluded that auditing quality has a reverse relationship with profit management. Chen (2005) came to the conclusion that continuity of an auditing institute's audit increases the usage of accruals as well as profit management. Faruzata&Rashideh(2006).

Surveyed the effect of auditing institute's size (5 great institutes) and existence of auditing committee on accruals. The results of their study reveal that the auditing institute's size does not reduce the amount of voluntary accruals whereas existence of an active auditing committee in the company reduces their activity. Kamran et al. (2008) conclude that the number of hours to audit for the employer has a negative relationship with voluntary accruals and profit management. Azibi&Rajee (2008) conclude that auditing 5 great companies has no effect on reduction of accruals. The results of Topsamut's&Jikknekit's (2008) study also reveal that the existence of auditing committee, its number of sessions and its size does not influence profit management. Furthermore, Ming (2007).

Studies Chinese companies and concludes that 10 great auditing companies in China cause more profit management than other companies. Gumanti et al. (2015) in a study titled "Auditing Quality and Profit Management" surveyed in Indonesia on state-owned supplying companies conclude that auditing quality restricts the amount of profit management in such companies providing more exact information leading managers to have less motive to manage benefit. In addition, cash flows resulted from operational activities and company's size have a negative and meaningful effect on current accruals. Tiokuzo&Tisegba (2015) in a study titled "Auditing Quality and Profit Management in Nigerian Oil Companies" conclude that auditing institute's size and auditor's industrial expertise have negative but meaningful effects on profit management of sample companies. Furthermore, evidences of negative but meaningful effects of the auditor on profit management was observed. Zisis&Surus(2015).

In a study titled "Difference in Profit Management in Audited and Unaudited Private Companies in Greece" conclude that private companies which are bound to present unaudited financial reports have higher levels of voluntary accruals during management of high profits compared with audited private companies. Besides, some unaudited companies take advantage of auditing criteria to manage benefits which help them forget auditing related to such criteria. Furthermore, the results opposed our expectations, which are the low level of financial



transparency led by non-publication of financial reports, reduces companies' motives to manage benefits at the times of debt capital increase. Azinfar&Muhammadi (2015).

In a study titled "Studying the Effect of Profit Management and Auditing Quality on Efficiency of Companies' Investors Present in Tehran Stock Exchange" conclude that there is a direct and meaningful relationship between sales growth and overinvestment yet not such a relationship operational cash flow and company's overinvestment was not observed and no meaningful relationship between stocks value to office value of stockholders' equity and overinvestment was not observed. Verest (2016).

In a study considers the effect of actual profit management considering the return from R & D expenses and general, office and sales expenses on operational performance of the companies. They conclude that actual profit management based on each of R & D expenses, general, office and sales expenses have a meaningful effect on operational performance of the companies and the manager whose does actual profit management reduces his operational performance in returning costs for the reasons of secrecy. Purheidari&Afaltoni (2006) did a study titled "Studying Motivations for Smoothing Income in the Valid companies in Tehran Stock Exchange" and concluded that smoothing income via voluntary accruals is done by Iranian companies and income tax in operational activities is the main motive to smooth income via voluntary accruals. Modaress et al. (2009).

Surveys motives for profit management in valid companies in Tehran Stock Exchange related to oil, chemical and iron industries. For the same reason, voluntary accruals as a criterion to register profit management from 2002 to 2007 were calculated. The results prove that the size of the company and debt contracts are motives from profit management in are considered in the companies of both industries. Ardakani, Etemadi and Azar (2009).

In their dissertation study the role of the auditor industry specialization on profit management of the valid companies in Tehran stock exchange. The results of the study reveal that the companies whose auditor is an industry expert have lower level of management of accruals as well as a higher level of actual profit management compared with the companies whose auditor is not an industry expert, however, their future operational performance does not reduce. Mehrnasab, HasasYeganeh&Babajani (2011).

Did a study title "The Effect of Auditing Quality and Auditor's Characteristics on Profit Management." In this study, level of profit



management is used as a symbol of opportunistic management practices and the relation between profit management and auditing quality is studied. Consistent with previous studies in this field, auditing quality is considered as a two-dimensional variable and it is assumed that some auditors with specific characteristics present higher quality. Since auditing quality is defined as independent auditor's ability to discover present distortions and anomalies in financial statements in addition to reporting them to the beneficiaries, the characteristics influencing professional competence (such as expertise) affecting the ability to detect cases of distortion as well as characteristics affecting independence (such as auditing company's size and income) enables the auditor to transfer the detected cases to the beneficiary; additionally, the auditor's type of comment is surveyed in this study. Findings of the study show that in cases of condition clause absence the level of profit management is lower with the effect of gain and loss in auditor's report as well as auditor's specialization and auditing by auditing institutions whose are members of official auditing society. Hence, there is not meaningful relationship observed between the auditing company's level of income and level of profit management. Maleki, Taghavifard and Rahimian (2014).

Study the relationship between profit management and auditor's report in an article. 101 valid companies in Tehran stock exchange were selected to test the hypotheses. Study's hypothesis was tested through regression and variance analysis; the results show there is a direct link between voluntary accruals with the conditioned report while a reverse relationship is observed between involuntary accruals with conditioned auditing report. Rahamni et al. (2014).

Wrote an article titled "The Relation between Profit Management and Auditor's Type of Report in Companies with Financial Crisis." The data of the study was obtained from valid companies in the stock exchange in a five-year period between 2008 and 2012. The study is done on 92 companies in stock exchange the results of which are expressed via a statistical model of mixed data based on logistics as follows: there is a positive relationship between variables of profit management and auditor's type of report, i.e. a rise in voluntary accruals makes auditing reports inclined to conditioning. The second hypothesis is based on the existence of a relationship between financial disaster and auditor's type of report which is positive and shows that companies with financial disaster mostly receive conditioned auditing reports. The third hypothesis is based on the stronger relationship between profit management and type of auditing report in the companies with financial disaster compared to the companies without a financial disaster. Thus, based on the achieved results it is claimed that the existence of financial disaster in companies



makes the managers to manage profit due to motives such as protecting investors and their positions. In other words, a financial disaster causes profit management yet reports are inclined toward conditioning with a rise in profit management. Muhammadpur, Mahmoudi&Mohseni (2015).

In a study survey the relationship between auditor's comments and profit management in the valid companies in Tehran stock exchange. The findings of the study show no meaningful relationship between auditor's comments and profit management. Additionally, financial characteristics of the client company, such as great auditing institutions, previous year's modified report, complexity of the client company as well as asset returns influence auditor's decision on modifying his report. In other words, profit management plays no role in this regard. Muhamadzadeh, Kamyabi&MansubBasiri (2015).

In their dissertation study the relationship between auditing committee, internal audit and profit management in member companies of Tehran stock exchange. The results of the study show a meaningful relationship between existence of auditing committee and profit management as well as a negative meaningful relationship between internal audit and profit management. Furthermore, no meaningful relationship is observed between members of auditing committee and profit management. Maham& Beck Mohammadi (2016).

In a study survey the relationship between profit management of current performance and future performance with CEO's occupational security. In this study, profit management is measured using Jones's modified model and CEO tenure is extracted from financial statements. Statistical society of the study are the valid companies in Tehran stock exchange. 431 valid companies in Tehran stock exchange are selected through national sampling with test of mixed data regression used for hypotheses. The results of the study show a meaningful relationship between profit management and CEO tenure. Besides, a meaningful relationship is present between profit management as well as current and future performance of the companies. Samir Kamil&MuhmmadIsaa (2008).

In a study survey the relationship between profit management and independent auditing quality. They concluded that there is a negative and meaningful relationship between factors of external audit quality (independent) such as the auditor industry specialization, audit tenure, size of audit firm, auditor's independence and auditor's expertise with profit management that companies whose auditors have such conditions and factors show less profit management. FadaviAmineh (2009).



In a study surveys the relationship among accruals, manipulation and profit management in Iraq; they take advantage of Runen&Yari's (2008) model of total accruals, voluntary accruals and involuntary accruals. Finally, they conclude that there is a meaningful relationship between accruals and profit management in Iraq. Thus, according to the aforementioned literature review as well as the provided background and relationship of profit management based on accruals and elements of audit quality, first, second and third hypotheses are mentioned as follows:

- Hypothesis 1: There is a meaningful relationship between voluntary accruals profit management and independent audit industry allocation.
- Hypothesis 2: There is a meaningful relationship between voluntary accruals profit management and independent audit tenure.
- Hypothesis 3: There is meaningful relationship between voluntary accruals profit management and independent auditor's size.

Thomas & Zhang (2002) in a study show that managers try to reduce the net price of the goods sold through additional production. The results of their study show that manipulation of actual activities lead to the reduction of normal level of operating cash flows. Roichodry (2006).

In a study surveys profit management through manipulating actual activities realizing that companies take advantage of activities such as discounts in prices to increase sales, overproduction to reduce net price of the goods sold and reducing voluntary costs to prevent loss report and a better profit margin presentation although such activities does not add to the value of the companies in long terms. However, the existence of institutional shareholders reduces the usage of such activities. Kohen & Zarvin (2010) studied both kinds of management and concluded that at the time of seasonal stock offerings, the managers are busy with actual profit management through accruals because manipulation of actual activities comes with actual economic results. Gunny (2010).

In a study found that companies are mostly occupied with profit management through manipulation of actual activities. The results of the study show that the reduction in the costs of R & D as well as overproduction has a positive relationship with the profit resulted from manipulation of the actual activities. Additionally, the profit resulted from management of actual profit created has a reverse relationship with the future performance of the company. Kohen & Zarvin (2010).

Showed that companies in the years of shares supply are occupied with both kinds of profit management and using management of actual activities has a positive correlation with the costs of accruals management



in these companies. Kohen & Zarvin (2010) in study show that auditors of great companies are positively related to actual management of profit proposing that more influential scrutiny may urge the companies for profit management through techniques whose detection is difficult. Chi et al. (2011).

Believe that presence of great auditing companies with great fame is accompanied by an increase in actual profit management. They confirm that a rise in auditing scrutiny by great auditors reduces flexibility of company's accounting. Therefore, companies audited by great auditing institutions are likely to resort to manipulation of actual activities. Chipman's (2011) study show that companies in the final three-month of the year fulfill profit targets through manipulation of actual activities such as price reduction to accelerate sales temporarily. Furthermore, in competitive situations, the companies react more to profit management incentives. Bedersecher (2011).

Examined pre-evaluation as an incentive for profit management. He realized that in the period of pre-evaluation, the managers use firstly management of accruals and, in the following years, management of actual activities and, finally, profit management out of GAAP (Fraudulent Methods). He believes that the length of pre-evaluation period is an important factor to select methods of profit management, however, he didn't model replacing relationship between two approaches of profit management based on their relative costs. Sedigh, Rezazadeh & Kazemi (2010).

In a study examine the relationship among audit quality, change of auditor and supplier's market share with profit management. In this study, the size of auditing institution is used as a criterion to measure quality. In order to determine profit management, Jones's modified model is measure voluntary accruals. The results of descriptive statistics, correlation and regression analysis in a sample of the valid companies in Tehran stock exchange show a negative and meaningful relationship between auditing quality and profit management while a negative meaningful relationship between change of auditor and level of applied profit management in financial statements. In addition, the results of the study show that there is no relationship between market share with the items of managed profit in financials statement of valid companies in Tehran stock exchange in contrast to some similar studies. The results reveal that quality audit is more likely to detect opportunistic behavior of profit management. Additionally, saving an auditor in an audit position, the company minimizes the grounds for activities of unpleasant profit management in addition to more efficient audit operations. Therefore, the



role of auditing as a foundation for evaluating quality of financial statements is approved. MoradzadehFard&Adili (2010).

In a study examine the relationship between manipulation of actual activities and salary costs of shareholders. The results of the study in a period between 2008 to 2014 show that there is a direct relationship between profit management criteria based on actual activities (abnormal cash flow, abnormal production and abnormal voluntary costs) and shareholders' rights costs. BaharMoghadam&Hassanifar (2010).

Survey the relationship between actual financial events and profit management. In their study, they found there is a meaningful relationship between operating cash and changes in an inventory, on the one hand, and profit management, on the other hand. Rahpeima&Nemati (2014) in their dissertation examined the relationship between actual financial events and profit adjustment in the valid companies in Tehran stock exchange. The sample includes 110 valid companies in Tehran stock exchange in 2012 and 2013.

The hypotheses are based on Levine, Lin & Cho, Shapiro-Wilk tests, correlation matrix, Lagrange test, F Limer test and multivariate multiple regression. The independent variable of the study is the audit committee's accounting and the dependent variable of the study, profit management, reduction in profit management and avoiding and non-negative profit adjustment. The results of the study show there is a meaningful relationship among audit committee's accounting and profit management, reduction in manipulation of company's accruals interest, avoiding non-negative profit adjustment and prevalence of profit management. Expertise in audit committee could affect the company's profit management leading to its reduction. Thus, existence of such expertise may act as a deterrent. Talari&MohseniMelki (2015).

In their study titled "The Relationship between Free Cash Flow, Audit Qualityand Profit Management" figured out there is a meaningful relationship among various components of free cash flows, audit quality and profit management and that audit quality is able to modify the relationship between free cash flows and profit management. Muhammad Mattar et al. (2012) in a study examined the relationship between profit management and reliability of provided data in financial statements provided for the majority of shareholdersinJordan. They concluded that financial statements with managed profit are less reliable in shareholders' viewpoints. Therefore, according to the provided literature review and background of the study, the relationship of profit management based on accruals and elements of audit quality, the fourth, fifth and sixth hypotheses of the study are as follows:



- Hypothesis 4: There is a meaningful relationship between actual profit management and auditor's industry specialization.
- Hypothesis 5: There is a meaningful relationship between actual profit management and audit tenure.
- Hypothesis 6: There is a meaningful relationship between actual profit management and auditor's size.

Research Methodology

Statistical Society and Samples

The intended society in this study are all valid companies in Iraqi stock exchange. Since examining and testing research hypotheses in master's dissertations in bound with time limitations surveying all members of the society is not possible, selection of statistical sample is done with the help of sampling methods so as to collect, survey and test hypotheses. The members of sample must have specific features which are mentioned in the following. The information of the companies are examined in a five-year period between 2011 and 2015.

Sampling method

The sample in this study is selected from the valid companies in Iraqi stock exchange. Random companies are omitted through systematic elimination in a manner that the members of the society with the following characteristics access the sample:

- 1- The statistical society in this study is made up of all valid companies in Iraqi stock exchange in a period between 2011 and 2015 (a five-year period) with the following conditions:
 - 1- They must be validated in Iraqistock exchange up to the end of 2010.
 - 2- The companies should have changed their fiscal year in the intended course.
 - 3- The intended companies must be continuously active during the research course and their shares must be traded.
 - 4- The required financial information for the study during research period shall be thoroughly presented.

In this study, method of screening (omission) is used to determine the sample that qualified companies are selected and studied as the sample and other companies are omitted.

78	Total number of companies to end of 2010
11	Omitted companies due to a change in fiscal year
9	Omitted companies due to activity cessation
21	Omitted companies due to lack of data presentation
23	Omitted companied due to inaccessibility to the previous 5 years



financial statements

14 Number of Available Sample Companies

The sample is achieved after enforcing limitations on the statistical society. Then, the information related to the variables of the companies is achieved.

Research Analytical Model

The relationship between profit management based on accruals with independent audit and the relationship between actual profit management with independent audit is surveyed. Equation 1 is used to examine hypotheses 1 to 3:

$$AM_{it} = \alpha_1 + \beta_1 AudTenure_{it} + \beta_2 Industry-Specialization_{it} + \beta_3 Aud-SIZE_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 CFO_{it} + \varepsilon_{i,t+k} \quad \text{Equation(1)}$$

In which:

AM: profit management based on accruals of company i in the year t

AudTenure: Audit tenure of company I in the year t

Aud-SIZE: Audit size of company i in the year t which is shown by 1 if is company of Court of Audit or else 0.

SIZE: The size of the company i in the year t which is achieved through natural logarithm of total sales of the company.

LEV: Financial leverage of company i in the year t which is achieved through debts divided by total assets of the company.

CFO: Operational cash flow of company i in the year t

B: Regression coefficients

ε_t : The remaining of the model reduced with an increase with the sample size

In order to fit models into hypotheses, firstly, Jones's model (1991) modified by Dichu et al. (1995) is used to evaluate profit management based on accruals (AM). The model is based on Eq. 3 as follows

Audit Tenure means the number of the years in which audit institute is responsible to inspect the intended company. In order to measure audit tenure, the number of the years in which audit institute is responsible to inspect a company as the familiar criterion with the audit institution; provided the institute's auditor is appointed in this position more than 4 years increases audit quality and familiarity with financial statements and accounts of the company, which eventually causes detection of sections with the possibility to manage benefit. Therefore, if a company has an



auditor with more than 4 years in this position number 1 is allocated for it or else number 0.

Industry Specialization: Audit industry specialization of company i in the year t

Audit industry specialization introduces the focus and expertise of auditor in the industry under investigation as well as the ability to detect threats and risks related to every industry. Audit industry specialization is introduced by the market share approach. In this method, the higher share for the auditor leads to a higher specialty of audit firm. Auditors' market shares is measured with the following equation (Etemadi et al., 2009):

Auditors' market share =

$$\frac{\text{Total properties of all employers of each audit institute in a specific industry}}{\text{Total properties of all employers in this industry}}$$

Institutes are introduced as industry experts whose market shares are more than $[\frac{1}{\text{All companies in a industry}} \times (\frac{1}{2})]$. All employers of audit institutes in a specific industry means all companies in every industry audited by an audit institute. The denominator also introduces all properties of an industry which is the sum of properties of all companies that exist in an industry.

$$TAccr_t / Assets_{t-1} = \alpha + \beta_0 (1 / Assets_{t-1}) + \beta_1 (\Delta Sales_t - \Delta REC_{it}) / Assets_{t-1} + \beta_2 PPE_t / Assets_{t-1} + \beta_3 ROA_{t-1} + \beta_4 SG_t + \varepsilon_{i,t+k} \quad \text{Equation (2)}$$

In which:

TAccr: Total properties at the beginning of financial period and cash flows resulted from operational activities of company i in the year t

Assets: Total properties at the beginning of financial period of company i in the year t

$\Delta Sales$: Changes in sales of company i in the year t

ΔREC : Changes in the accounts received of the company i in the year t

ROA: Net profit divided by total properties of company i in the year t

SG: Current growth in sales of company i in the year t

ε_i : The remaining of the model introducing voluntary accruals of company i in the year t

Then, Eq. 3 is used to fit hypotheses four to six:

$$RM_{it} = \alpha_1 + \beta_1 Audtenure_{it} + \beta_2 Industry-Specialization_{it} + \beta_3 Aud-SIZE_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 CFO_{it} + \varepsilon_{i,t+k} \quad \text{Equation 3}$$

In which:



RM: Actual profit management of company i in the year t achieved as follows:

This study similar to the studies of Rochodehri (2006) and Kohen et al. (2008) uses three criteria of abnormal level of operation cash flow, abnormal level of production costs and abnormal level of voluntary costs are used to measure manipulation level of actual activities. The following regression models are used to measure these criteria and the raining component of regression equation (ϵ) as well as equations (4), (5), (6) depict abnormal level of fulfilled variable:

$$CFO_{it} / Assets_{i,t-1} = K_{1t} (A / Assets_{i,t-1}) + K_{2t} (Sales_{it} / Assets_{i,t-1}) + K_{3t} (\Delta Sales_{it} / Assets_{i,t-1}) + \epsilon_{i,t} \text{Eq. 4}$$

$$PROUD_{it} / Assets_{i,t-1} = K_{1t} (A / Assets_{i,t-1}) + K_{2t} (Sales_{it} / Assets_{i,t-1}) + K_{3t} (\Delta Sales_{it} / Assets_{i,t-1}) + \epsilon_{i,t} \text{Eq. 5}$$

$$DiscExp_{it} / Assets_{i,t-1} = K_{1t} (A / Assets_{i,t-1}) + K_{2t} (Sales_{it} / Assets_{i,t-1}) + K_{3t} (\Delta Sales_{it} / Assets_{i,t-1}) + \epsilon_{i,t} \text{Eq. 6}$$

In which:

CFO: Operational cash flow of company i in the year t

PROUD: Production costs of company i in the year t including total cost of sold goods and changes in the inventory.

DiscExp: Voluntary costs of company i in the year t including total costs of advertising, general costs of sales and administrative ones.

Asset_{t-1}: Initial period assets of company i in the year t

Sales: Sales of company i in the year t

The remaining of three aforementioned regression equations (ϵ) is standardized and summed together so that variable of actual profit management is gained.

Descriptive Statistics

Descriptive statistics of research variables including average, standard deviation and etc. on basis of variables and annual basis is presented:

Table 1. Descriptive statistics of all year – company

Standard Deviation	Average	Maximum	Minimum	
47693196113	20381699195	226907311687	555137931	Total Assets
21381733427	6449721589	174788648332	5139752	Total Debts
56449687221	18635143295	239911217297	46942100	Operational Cash Flow
8498108404	1867469937	46690243158	-4906665453	Operational Gain & Loss
55996390069	17718160983	238420907852	210190	Sales
0/48	0/64	1	0	Auditor's Size
0/23	0/94	1	0	Audit Tenure
0/46	0/71	1	0	Auditor Industry Specialization
4410282828	2799388684	24656138550	1811177	Received Accounts



5998638957	889411992	30137221927	-5246848631	Net Gain & Loss
2250098565	1186860090	11160484240	17679183	Sales General & Organizational Costs
3/170	1/269	26/49	0/026	Jones's Accruals Profit Management
10/59	-3/66	36/99	-80/06	Actual Profit Management

Fitting Research Models

Entering research data into Eviews software, the models are fitted. In such analyses the p-value of final output shall be paid attention to figure out significance or insignificance of hypotheses; if p-value of a variable is less than 0.05 the hypothesis equals 0 and is rejected.

Testing First, Second & Third Hypotheses

In these hypotheses the relationship between independent audit quality and profit management based on accruals is surveyed. Initially, Chow test or F Limer test is used to determine using panel data against integrated data.

F Limer Test

Hypothesis Zero: Regression model is suitable

Hypothesis One: Panel model is suitable

Table 2: Chow Test – Hypotheses 1, 2 & 3

Degree of Freedom	Test Statistics	p-value
4	4/004	0/045

Since significance of Chow Test is less 0.05, hypothesis Zero is rejected and using panel model with fixed effects is prioritized.

Hausman Test

Hypothesis Zero: Panel model with random effects is suitable

Hypothesis One: Panel model with fixed effects is suitable

Table 3: Hausman Test – Hypotheses 1, 2 & 3

Degree of Freedom	Test Statistics	p-value
4	1/78	0/77

Since significance of Hausman test statistics is less than 0.05 using panel model with fixed effects is prioritized to panel model with random effects. Now, the model with fixed panel effects is fitted. The results of features of fitted model are presented in Table 4 as well as significance of model variable are presented in Table 5.

Table 4: Model features of Hypotheses 1, 2 & 3 (Dependent variable: Accruals profit management)



Durbin Watson Statistics	Model Significance	F Statistics	Modified Determination Coefficient	Determination Coefficient
2/26	0/002	1/06	0/02	0/15

Table 5: Fitness Coefficients of model hypotheses 1, 2 & 3 –
Dependent variable: Accruals Profit Management

$AM_{it} = \alpha_1 + \beta_1 AudTenure_{it} + \beta_2 Industry-Specialization_{it} + \beta_3 Aud-SIZE_{it} + \beta_4 SIZE_{it} + \beta_5 LEVERAGE_{it} + \beta_6 CFO_{it} + \varepsilon_{it+k}$				
P-VALUE	t Statistics	Standard Deviation	Coefficient	Variable
0/113	-1/611	11/556	-18/615	Intercept
0/035	-1/816	1/901	-3/452	Audit Tenure
0/047	0/447	17/590	7/863	Auditor Industry Specialization
0/018	-0/404	17/474	-7/051	Auditor's Size
0/102	1/660	1/279	2/122	Company's size
0/363	-0/917	0/327	-0/300	Financial Leverage
0/537	-0/620	<0/001	<0/001	Operational Cash Flow

According to Table 4, determination coefficient shows that 15 percent of changes in dependent variable are explained by independent variables. Significance of model is also less than 0.05 which is a proof for significance of research model. Furthermore, Durbin Watson statistics is 2.26; if it is between 1.5 and 2.5 it show lack of autocorrelation among error remaining which is true in this model.

As seen in Table 5, intercept variables, audit tenure, auditor industry specialization, auditor's size, company's size, financial leverage and operational cash flow are – 18.615, -3.452, 7.863, -7.051, 2.122, -0.300, and <0.001, respectively, whose level of significance are 0.113, 0.035, 0.047, 0.018, 0.102, 0.363 and 0.537, respectively; hence, there is a meaningful relationship among variables of audit tenure, auditor industry specialization and auditor's size with profit management of accruals.

Testing Hypotheses 4, 5 & 6

These hypotheses survey the relationship between independent audit quality and actual profit management. Firstly, Chow Test or F Limer Test is used to determine panel data against integrated data.

F Limer Test

Hypothesis Zero: Regression Model is suitable

Hypothesis One: Panel Model is suitable

Table 6: Chow Test – Hypotheses 4, 5 & 6

Degree of Freedom	Test Statistics	p-value
4	7/86	0/01



Since significance of Chow Test is less 0.05, hypothesis Zero is rejected and using panel model with fixed effects is prioritized.

Hausman Test

Hypothesis Zero: Panel model with random effects is suitable

Hypothesis One: Panel model with fixed effects is suitable

Table 7: Hausman Test – Hypotheses 4, 5 & 6

Degree of Freedom	Test Statistics	p-value
4	0/41	0/98

Since significance of Hausman test statistics is less than 0.05 using panel model with fixed effects is prioritized to panel model with random effects. Now, the model with fixed panel effects is fitted. The results of features of fitted model are presented in Table 8 as well as significance of model variable are presented in Table 9.

Table 8: Model features of Hypotheses 1, 2 & 3 (Dependent variable: Accruals profit management)

Durbin Watson Statistics	Model Significance	F Statistics	Modified Determination Coefficient	Determination Coefficient
2.69	0.02	1.31	0.04	0.18

Table 9: Fitness Coefficients of model hypotheses 1, 2 & 3 – Dependent variable: Accruals Profit Management

$AM_{it} = \alpha_1 + \beta_1 AudTenure_{it} + \beta_2 Industry-Specialization_{it} + \beta_3 Aud-SIZE_{it} + \beta_4 SIZE_{it} + \beta_5 LEVERAGE_{it} + \beta_6 CFO_{it} + \varepsilon_{it+k}$				
P-VALUE	t Statistics	Standard Deviation	Coefficient	Variable
0.941	-0.074	37.194	-2.752	Intercept
0.277	-1.098	6.120	-6.720	Audit Tenure
0.377	-0.890	56.616	-50.387	Auditor Industry Specialization
0.327	0.989	56.243	55.632	Auditor's Size
0.993	0.009	4.115	0.039	Company's size
0.270	1.115	1.054	1.175	Financial Leverage
0.355	0.933	<0/001	<0/001	Operational Cash Flow

According to Table 8, determination coefficient shows that 18 percent of changes in dependent coefficient changes are explained by independent variables. Significance of model is also less than 0.05 which shows significance of model of study. Durbin Watson statistics is also 2.69; if it is between 1.5 to 2.5 it shows lack autocorrelation among remaining error which is true in this model.

As seen in Table 9, variables of intercept, audit tenure, auditor industry specialization, auditor's size, company's size, financial leverage and operation cash flow are -2.752, -6.720, -50.387, 55.632, 0.039, 1.175



and < 0.001 , respectively, whose level of significance are 0.941, 0.277, 0.377, 0.327, 0.993, 0.270 and 0.355, respectively; thus, there is no meaningful relationship between none of the variables with actual profit management.

Results of Hypotheses

First Hypothesis Test Results

The first hypothesis of the study says: "There is a meaningful relationship between Audit Tenure and Accruals profit management of the companies."

In this equation, the first hypothesis of the study expresses that there is a meaningful relationship between audit tenure and accruals profit management of the companies which is accepted by the results of the hypothesis as changes in audit tenure influence accruals profit management. The subject shows that a rise in the audit time in the company enables the auditors to have higher focus in accounts and company's activities. Having gained the advantage of more audit time, Iraqi auditors are more focused points of risk in the company as well as higher diversion ability; as the result, more audit and wider scrutiny enable them to discover financial distortions of the employer, report them and prevent CEO's opportunistic actions in distorting financial statements and profit management. Generally, more audit by auditors increases their knowledge of employer's financial system and the ability to detect distorted accounts, such as profit management. Thus, the auditors may reduce profit management through more audit. The findings of the study is similar to those of Gore, Pope & Saign (2001), Tondlu & Van Strilin (2005), Kamran et al. (2008), Gumanti et al. (2015), Sedigh et al. (2010), Mehrnasab, Hasasyeganeh & Babajani (2011), Kamyabi & Mansub Nasiri (2015), Talari & Mohseni-e-Melki (2015), Maham & Bekmuhammadi (2016) and in contrast with Tiokoza & Tisegba (2015).

Second Hypothesis Test Results

Second hypothesis states that: "There is a meaningful relationship between auditor industry specialization and accruals profit management."

In this equation, the second hypothesis states that there is a meaningful relationship between auditor industry specialization and accruals profit management of the companies which is accepted according to the results of the hypothesis in a way that changes in auditor industry specialization affect profit management of accruals. This shows that auditors who audit companies with features like being more major in the industry (having assets which are more than other companies in the industry), complexity of activities and other features causing more scrutiny and being involved



in the activities of employing companies causes learning and more control of auditors. A rise in the ability and scrutiny of auditors in the activities of the company and therefore a rise in professionalism in audit industry leads to detection of fields such as financial statements of employing company who own risks and dangers that professional auditors of the industry are able to discover. On the other hand, CEOs in different industries take advantage of various methods of management. Therefore, the auditor must be a professional in the industry to identify and detect such distortions and have a comprehensive understanding of transactions process, profit detection, registration and reporting financial statements so that profit management of the company is prevented. Thus, industry specialist auditors may detect profit distortions more and as the result the second hypothesis is accepted; therefore, there is a meaningful relationship between auditor industry specialization and profit management of accruals. The results of the study matches those of Capenz&Peik (2005), Burstaler et al. (2004), Chen (2005), Gumanti et al. (2015), Tiokuzo and Tisegba (2015), Novaiseh (2016), Ardakani, Etemadi&Azar (2009), Sedigh et al. (2010), Talari&Mohseni-e-Melki (2015), Mehrnasab, Hasasyeganeh&Babajani (2011), Kamyabi&MansubBasiri (2015), Maham& Beck Mohammadi (2016).

Third Hypothesis Test Results

The third hypothesis states that: “There is a meaningful relationship between independent auditor’s size and companies’ profit management of accruals.”

In this equation, the third hypothesis states that there is a meaningful relationship between auditor’s size and companies’ profit management of accruals which is accepted according to the results of the study as changes in auditor’s size affects profit management of accruals. This subject proves that major auditors are able to gain specific ability in detecting potential fields of risk in audit and distortion of financial statements through abilities gained by being higher. Auditors with more auditing partners, or have more auditors, or have different branches, antiquity and great experiences (e.g. the first institute founding auditing in the country) and/or a reputation covering the audit market prevalently generally own abilities who can detect intentional or unintentional mistakes. These auditors who are known as major auditors detect profit management with specific skills in financial report as well as profit management. Based on the results of the study, more major auditors are more able to detect profit management in the companies. Therefore, the third hypothesis of the study is accepted and there is a meaningful relationship between auditor’s size and profit management of accruals.



The findings of the study matches with those of Ilder& Zhao (2001), Zhao &Ilder (2002), Farozoa&Rashideh (2006), Ming (2007), Tiokozo&Tisegba (2015), Sedigh et al. (2010), Mehrnasab, Hasasyeganeh and Babajani (2011), Muhamadzadeh, Kamyabi&MansubBasiri (2015), Talari&Mohseni-e-Melki (2015), Maham& Beck Muhammadi (2016) and in contrast with Tupsamut&Jikenkit (2008).

Fourth Hypothesis Test Results

Fourth hypothesis states that: “There is a meaningful relationship between audit tenure and actual profit management.”

In this equation, the fourth hypothesis states that there is a meaningful relationship between audit tenure and actual profit management which is rejected according to the findings of the study as changes in audit tenure does not affect actual profit management. This subject proves that a rise in independent auditor tenure in the employer’s company does not cause a reduction in actual profit management since the nature of actual profit management and influenced by expenses such as promotion, general expenses, organizational and sales expenses as well as operational costs such as final price of the goods, a rise in independent audit years cannot prevent actual profit management. Therefore, the fourth hypothesis is rejected and there is no meaningful relationship between audit tenure and actual profit management. The findings of the study matches those of Gumanti et al. (2015), Tiokuzo&Tisegba (2015), Novaiseh (2016), Ardakani, Etemadi&Azar (2009) and in contrast with those of Kuhen&Zarvin (2010), Chi et al. (2011) and Etemadi et al. (2010).

Fifth Hypothesis Test Result

The fifth hypothesis states that: “There is a meaningful relationship between auditor industry and actual profit management.”

In this equation, the fifth hypothesis states that there is a meaningful relationship between auditor industry and actual profit management which is rejected based on the findings of the study as changes in auditor industry does not affect actual profit management. This subject proves that a rise in the ability and expertise in a specific industry achieved by great volume and surveying major companies in the industry cannot affect fundamental components of actual profit management (such as R & D costs, the final price of sold goods, public organizational costs and etc.). In investors’ viewpoint, industry expert auditor must prevent actual profit management which is rejected by the findings of this study proving the opposite. As a result, the auditors are able to reduce profit management through more audits. Therefore, the fifth hypothesis of the



study is rejected and there is no meaningful relationship between audit tenure and actual profit management. The findings of the study is similar to those of Gumanti et al. (2015), Tiokuzo&Tisegba (2015), Novaiseh (2016), Ardakani, Etemadi&Azar (2009) and in contrast with Kuhen&Zarvin (2010), Chi et al. (2011) and Etemadi et al. (2010).

Sixth Hypothesis Test Results

The sixth hypothesis of the study states that: “There is a meaningful relationship between auditor’s size and companies’ actual profit management.”

In this equation, the sixth hypothesis states that there is a meaningful relationship between auditor’s size and companies’ actual profit management which is rejected according to the results of the study as the changes in auditor’s size affect actual profit management. The subject shows that auditors with characteristics such as number of auditors and more audit partners and/or wider audit institutes or branches are among the group of great auditors unable to discover actual profit management in the companies. In this case, auditor’s size cannot reduce actual profit management. In this case, greater auditors affect discovering actual profit management with their reputation, ability and professional audit activities compared with the smaller auditors; the results of this study proves opposite of researchers’ hypothesis. Therefore, the sixth hypothesis of the study is accepted and there is a meaningful relationship between audit tenure and profit management of accruals. The results of this study matches those of Gumanti et al. (2015), Tiokuzo&Tisegba (2015), Novaiseh (2016), Ardakani, Etemadi&Azar (2009) and in contrast with Kuhen&Zarvin (2010), Chi et al. (2011) and Etemadi et al. (2010).

Recommendations

- 1- Based on the findings of the study investors, shareholders and managers are advised to select auditors with more industry expertise (surveying independent auditors’ ex-employers and selection of independent auditor with activity in the industry) since industry specialized auditor prevents opportunistic activities around profit management of accruals reducing accruals profit management.
- 2- Based on the findings of the study it is recommended that in order to select independent auditor general assembly of shareholders trust ex-auditor in case of not having a logical reason to omit previous auditor and selection of alternative auditor as well as selecting an auditor with previous experience in the company since a rise in audit tenure leads to a reduction in profit management of accruals and increasing quality of financial statements. Therefore, selection of an auditor who passed audit tenure may lead to a reduction in opportunistic activities of management.



3- Furthermore, based on the findings of the study it is recommended companies' shareholders look for a more major auditor since such auditors are more effective in reduction of profit management of accruals while great auditors are not effective in reduction of company's actual profit management.

4- Since effectiveness of audit tenure, industry expertise and independent auditors' size on reduction of companies' actual profit management; hence, board members and company owners it is recommended other effective criteria are used to select auditor to reduce actual profit management by the CEO. Additionally, based on ineffectiveness of independent auditors' industry specialization on companies' actual profit management it is recommended that auditors increase their industry expertise to increase their ability to detect actual distortions (through actual benefits) to improve auditor industry specialization as well as actual profit management.

5- It is recommended to Iraqi Stock Exchange Organization specific criteria is ordained for the auditors to reduce actual profit management in companies and increasing efficiency as well as auditors' efficacy to detect and discovery of actual management so that auditors are able to fully comprehend profit management since then.

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***The Integration of Forensic Accounting and
External Auditing for Reducing the Audit Expectation Gap
An Analytical Study on a Sample of Iraqi Universities***

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Abstract

The current study aims at identifying the complementary relationship between forensic accounting and financial auditing to narrow the expectation gap through using the statistical program SPSS to determine the level of research variables and analysis of the results. The research used the electronic questionnaire method to determine the level of dimensions represented by the independent variables (forensic accounting and external auditing) and the dependent variable (expectations gap). The following results have been found to get a significant and positive correlations relationship between forensic accounting and the expectations' gap, and a significant positive correlations relationship between the financial audit and the expectations' gap, and a significant correlation between forensic accounting and external auditing in the expectations gap. Therefore, the study recommended that there is a need to sensitize users about the role and duties of the traditional auditor in the field of protection and disclosure of financial errors and fraud. This can be achieved by identifying and adjusting the scope of auditors' responsibility in order to absorb judicial accounting.

Key words: Forensic Accountant's Responsibility, Audit Expectation Gap, Forensic Accounting

Introduction:

In recent years, the audit profession has faced widespread challenges as a result of its loss of confidence and credibility in financial reporting by its users. Therefore, many large institutions in the developed countries have witnessed collapses caused by the financial, administrative and accounting corruption resulting from the extensive and immoral cheat and fraud in modern institutions that have made financial auditing techniques ineffective in detecting cheat, errors, and fraud prevention faced by international institutions.

Fraud financial and accounting misstatements have caused considerable concern to the management of institutions and other users



with credibility and trust in financial information. This has widened the gap between what users expect and the results and responsibility of the financial auditors and the importance of the financial statements as outputs of financial accounting. The skills and tools of forensic accounting are integrated with the auditing profession because the auditing profession is not insignificant for its importance in evaluating the risks and evaluating the validity of the financial statements that the institutions are exposed to. So by complementing each other, this gap can be reduced.

The following is a review of the methodology; previous research studies; the relationship among forensic accounting, auditing and the gap of expectations , and the analytical framework of the research; conclusions; and recommendations.

1. Research Methodology and Previous Studies

1.1 The Problem of the Research:

The problem of research lies in the lack of confidence in the financial auditor's report by users, which in turn is a concern for institutions. When financial auditors performance is less than users expect, information will not be appropriate for decision making, which in turn will create an expectations gap between the responsibility of the auditors and users of financial reports. Here comes the role of forensic accounting to detect fraud and errors in the financial data. Then the forensic accounting integration and the external audit will lead to the reducing of the audit expectations gap.

1.2 The Aims of the Research:

The research aims at studying the relationship between forensic accounting and financial auditing to narrow the expectations gap between users and auditors of financial reports through the following:

1. Understanding the concept of forensic accounting and its relationship to external auditing.
2. Understanding the relationship of financial auditing to the expectations gap and their impact on the audit profession.
3. Studying the forensic accounting and its relation to the expectations gap.
4. Understanding the relationship between forensic accounting and financial auditing and their respective responsibility in detecting errors, cheat and fraud in financial reports

1.3 The Hypotheses of the Research:

1. There is a significant statistical correlation between forensic accounting and external auditing in the detection of cheat and financial fraud with



high efficiency which is regarded as a solution to narrow the expectations gap Between users and auditors of financial reports.

2. There is a statistically significant correlation between external audit responsibility and the expectations gap Between users and auditors of financial reports.

3. There is a statistically significant correlation between forensic accounting and the expectations gap Between users and auditors of financial reports.

1.4 The Significance of the Research:

The importance of the research is that forensic accounting, together with external auditing, can meet the needs of financial reporting users (judges, investors, creditors, lenders and others), as well as reduce litigation, cheat and financial fraud, thus reducing the gap in expectations and reducing misunderstandings between management and users. This will lead to reassuring users and increasing confidence in the provided information, and reducing the gap through the skills of the accountant and the auditing procedures.

1.5 The Limits of the Study:

Spatial boundaries: which is the academic center and the auditors of the accounts in some of the Iraqi universities
Time limits: 2017

1.6 Previous Studies:

1- (Ahmed2, 2013)

The study focused on the role of forensic accounting in reducing financial corruption practices by targeting a group of forensic accountants. The study reached the results of forensic accounting based on a set of specialized skills integrated in accounting and auditing and uses forensic accounting in many areas such as cheat investigation and evaluation of internal control. The forensic accountant must have a set of skills and knowledge. It recommended the existence of legislation that sets the duties of the forensic accountant in accordance with the requirements of forensic accounting.

2- (Ghaneem, 2014)

The aim of this study was to analyze the shortcomings of the external audit in the detection of cheat and errors. The analytical descriptive method was used to study the views of a sample of auditing accounting offices, academics, and accountants in the central system, in addition to the information users.



The most important results of the study were the importance of forensic accounting and its role in narrowing the gap in expectations, especially in light of the lack of work of the external auditor in detecting cheat in the current situation, in addition to the most important areas of forensic accounting is the discovery of cheat in the financial statements.

3- (Shanqrai and Ababaker, 2015)

The study aimed at identifying the concepts of forensic accounting and its role in the detection and prevention of manipulation of financial lists and learning about the skills that characterize the accountant. The study reached some results, such as representing the profession of forensic accounting of the developed professions in the Arab world and the lack of qualification for the accountant and the forensic auditor contributes to presenting unsound view about financial statements and the financial institution operations. The study recommended teaching of forensic accounting within the postgraduate curriculum.

4- (Temitope, Muturi and Nasieku, 2016)

This study deals with the relationship between forensic accounting and the expectations gap using the questionnaire method to measure the relationship between forensic accounting and the expectations gap. The study revealed that there is a statistically significant relationship between the expectations gap and the forensic accounting in Nigeria. Therefore, the study recommended that there is a need for continued awareness of the responsibilities of both the audit profession and other stakeholders on the role and duties of the auditor in the field of prevention and fraud detection to avoid unreasonable expectations by users. This can easily be achieved by modifying the traditional auditor's procedures and accountability to accommodate forensic accounting services.

5- (Odelabu , 2016)

The legal auditor fails to meet reasonable expectations of users of accounting information; that is, the information required for making decisions in banking industries. This study was designed to determine the relationship between efficiency of experience and mental efficiency, professional suspicion, efficient responsibility, forensic information and technical competence of forensic accountants. Questionnaires were used to collect data. The data were analyzed using SPSS. The results revealed that there is a strong linear relationship between the jurisdictions of forensic accountants and the expectations gap. It means that the increase in the competencies of forensic accountants leads to a reduction in the expectations gap for scrutiny. The study concluded that through the application of the techniques of forensic accounting in the audit of banks



through the competencies of forensic accountants to improve the public confidence in the financial report of the bank. The study recommended that the application of the competencies of forensic accountants in the bank to narrow the gap expectations audit in banks.

The present study is characterized by being the first to present the proposal for the integration of forensic accounting with the auditing profession in reducing .The audit expectation gap through the use of descriptive and analytical methodology for the views of a sample of professionals.

2. Theoretical Framework of Research

2.1 The Concept of Forensic Accounting

Forensic accounting was founded for the need of judges for accounting services in accounting and financial matters . It is based on the use of accounting, auditing and investigative skills in assisting the judiciary in resolving disputes of an accounting and financial nature .

Accountants should have sufficient understanding of accounting and legal sciences and possession of investigative in the light of the accepted accounting standards, the profession charter, ethics, and conduct of the organization of this profession. They should have a professional certificate and practice it in a real and continuous manner and shall be evaluated by professional, global bodies and every three years through the following tests: CPA, CFE, CISA, CIA, CR and FA (Ahmed2, 2013, p. 6).

The forensic accountant must then collect and analyze information to determine the value of the resulting damage and to form an opinion on the basis of in-depth analysis through the investigation process, conduct the judgment of the data with the standards set forth in the profession, and assess the value of the financial damage (Grippio, 2003, P. 7).

Forensic accounting is also called: criminal accounting, investigative accounting, fraudulent auditing . One of the most important reasons for the growth of forensic accounting is the usual method of appointing legal auditors who do not have the independence and the inability of audit committees to shed light on the various facts and hidden aspects of corporate fraud and the lack of sufficient independence for internal auditors (Owojori & Asaolu , 2009, p.184).

The forensic accountant uses his characteristics, behavioral traits, professional and scientific skills in accounting, auditing, law, computer, and psychology in forensic support or accounting investigation by himself or within a work team. Forensic accounting is the science of using accounting, auditing, analysis, oral and written communication,



civil and criminal law knowledge, computer technology and software tools in analysis, disclosure, collection of evidence, and interpretation of financial and accounting information for the purposes of forensic support or valuation and accounting investigation (Massoud, 2015, p. 25).

The qualifications that must be in the accountant are the business experience and his experience in the field of auditing for forensic accounting as well as his experience in auditing accounts, education, and continuous training in his field of competence. He has the flexibility and adequate communication in dealing with clients and the skills of oral and written communication. The most significant skill is obtained from experience and the normal growth of the profession (Grippe, 2003, p.7).

2.2 The Importance of Forensic Accounting

The increasing interest in forensic accounting after many economic collapses of many international economic institutions due to financial fraud led to increased forensic proceedings before the courts . At present, forensic accounting services are no longer limited to the judiciary, banks, police, insurance companies, government institutions and others (Bhasin, 2007, p1002) . As they help to prepare a forensic accountant with high efficiency of scientific qualification and experience and contribute to increasing the efficiency and effectiveness of external auditing and increasing confidence in the profession of accounting and auditing and the discovery of cheat and fraud in the financial statements. Forensic accounting represents an integration between accounting and law to work together to provide more in-depth investigations and more related to forensic claims (Sisi, 2006, p45).

2.3 Forensic Accounting Objectives

The main objectives of forensic accounting can be explained as follows: (Jubouri, 2013, p.461).

1. Verification of claims by relevant parties.
2. Investigation and detection of cheat and fraud.
3. Determining the amount of economic losses incurred or potential and collecting financial evidence that serves as strong evidence to support legal claims.
4. Conducting all investigations and verifying the correctness of the calculation of amounts of compensation and others in court
5. Reducing the expectations gap by integrating them with audits.
6. Giving the highest level of assurance and reliability of the financial statements.



2.4 Mechanisms of Forensic Accounting for Cases of Fraud and Financial Corruption:

Skills are mechanisms that must be in the forensic accountant who should have the following: (Ahmed1,2013, p.19).

- Specialized skills, capabilities and knowledge in the prevention of fraud cases, reduction of fraud cases, detection of fraud cases, examination and investigation of fraud cases, disclosure and reporting of fraud cases.
- Skills, abilities and knowledge needed to deal with fraudulent methods of corruption, use of modern IT methods to combat fraud and corruption in the electronic business environment.
- Skills of checking, discovering, and extracting electronic evidence of cases of fraud and corruption in the electronic business environment.
- Skills of providing legal, forensic, and investigative services in relation to specific cases.
- Skills of examining and resolving disputes related to cases of fraud and corruption.
- Negotiation skills to resolve forensic disputes related to cases of fraud and corruption
- Skills of providing services in the unethical cases of fraud and corruption.
- Skills specialized in the examination of crimes of Internet piracy, organized crime, and money laundering.
- Skills of collecting information from different sources of fraud and corruption and conducting interviews to obtain evidence of cases of fraud and corruption and the skills of forensic or inspection accounting associated with creative thinking to examine and detect cases of fraud .

One of its methods is auditing after the completion of operations, the examination to determine the risks of fraud, and personal interview with the official and investigation of the truth by means of necessary investigations of illegal and suspect activities (Owojori & Asaolu, 2009, p.186).

2.5 Audit Responsibility And the Expectation Gap

Accounting firms face difficulties through business failures rather than audit failures . For example, if a company has been declared bankrupting and has proved unable to pay the debt, it is common for the users of the financial statements to be called upon to fail the audit, especially if the auditor's latest report clarifies his opinion of the fairness of the financial statements. Even if there is a failure in the economic unit and the existence of deviations in the financial statements, users may be called upon to neglect the auditor and prove his compliance with the accepted auditing standards. This difference of opinion arises between auditors and



users, as explained above by the so-called expectations gap. Most auditors believe that the performance of the auditors must be within the framework of the accepted auditing standards, while many users believe that the auditor is a guarantor of the accuracy of the financial statements. The auditor is the guarantor of the financial integrity of the audited economic unit, and the expectation gap usually results from undue issues arising from external auditors' expectations (Sundos, 2011, p.16).

Since it is not the duty of the auditor to detect errors and that when rescheduling the annual audit or what they call the ongoing audit. Some believed that these duties of the auditor and called the gap expectations that the auditor has a specific task according to the text of the contract with the institution, but some believe otherwise. Therefore, the auditor shall review the financial statements prepared by the management of the institution at the end of each financial year, after reviewing and evaluating the internal control system. Sometimes, however, the auditor may check the irregularities such as cheating or a fatal error affecting the outcome of the activity. In this case, the attention of the administration is brought to this fraud or error so error detection task lies with the institution and that it should prevent or minimize them (Khaldi, 2014,p.30).

The expectations gap arose as a result of the auditor's varying services and responsibilities for the expected disclosure of fraudulent types of financial statements and immoral and illegal practices by the Chartered Accountants of the United States of America. In spite of the efforts to narrow the gap in expectations, the audit is still suffering from them. However, it can be said that the new accounting field can be used. Forensic accounting can contribute to narrowing the expectations gap (Ghaneem,2014, p 29).

2.6 The Relationship Between Forensic Accounting and Auditing

The relationship between internal and external auditing, forensic accounting, and auditing of financial fraud and cheat can be clarified by determining the difference between the forensic accountant and the auditor. The first gives a technical opinion neutral about the fact of the activity. The second is deeper and less extensive as the forensic accountant requires knowledge. The real motives behind its creation are to meet the needs of judges to experts and advisers who give their views on financial waste and to meet the needs of investors, shareholders, and lenders of proven and honest information (Jones, 2007, p.5).

The forensic accounting is the appropriate accounting of the legal point of view in providing the highest level of assurance and benefit from accounting and auditing and investigative skills when the investigation is



important both to communicate financial information clearly and accurately when preparing financial statements and ensure of its the credibility (Crumbly , 2006)

Big four audit firms (KPMG, PWC, E & Y and Deloitte) provide international services as well as auditing services. KPMG provides anti-money laundering services. Although money laundering is governed by specific legislation, the complexity of these legislations in assessing the flow of funds into the business environment requires forensic accounting services and provides the intelligence services of institutions where they clarify the identity of units, individuals, and founders. The role of the forensic accountant is a part of the investigation. It provides legal advice in resolving disputes where it disputes and resolves commercial disputes either judicially or forensic support services by providing accounting advice in claims of loss results offered and the service of the expert witness. In Price water house Coopers firm (PWC), the legal specialists work with clients throughout the dispute resolution process to address quantitative issues or to present accounting evidence in forensic proceedings. Judicial investigation services include many services, such as professional investigators which have experience in criminal investigations, disciplinary procedures, forensic accounting, financial regulation, evidence discovery and fraud risk management. Deloitte is a division that provides forensic accounting services to the forensic services department which provides the following services: analytical and judicial technology. This service is used to obtain digital evidence, analysis of business processes, business intelligence and discovery. This service helps clients identify suspicious financial transactions and training in fraud detection, investigation of fraud, financial conflict and money laundering monitoring (Romburg, 2008, p.34) .It has been concluded from this that forensic accounting is the integration of accounting, auditing and investigative skills (Joshi, 2003, P 6).

2.6 Forensic Accounting and the Audit Expectations Gap

The study of the efficiency and effectiveness of forensic accounting has been studied by accounting researchers (Owojori & Asaolu , 2009). Because of the failure of the traditional auditor to perform legal scrutiny and the failure to identify fraud effectively (Zimblem et al. 2012,P.429), the responsibility of forensic accountability involves an analysis of the types of fraud that can occur and its causes. The insurer considers a fraud detector to enhance analysis of financial transactions and helps to detect errors, fraudulent activities and omissions that can be presented to the judge or sent to an audit committee to assess the accuracy of financial statements. This integration of forensic accounting and auditing will



narrow the expectations gap among the users of the financial statements (Temitope et .al, 2016,p.28)

Forensic accountability is the complementarity between accounting and auditing of investigative skills that simply gives the highest level of assurance and reliability to the accounting information presented to internal and external users and thus reduces the expectations gap for users (Crumbly, 2006)

Forensic accounting combines financial experience with investigative skills and work within a legal framework that provides sufficient evidence to control fraud and to confirm the credibility of financial statements (Al-Jaleeli, 2012,P.13).

3. Analysis and discussion of Survey Findings

3.1 Data Analysis

This section will try to determine the level of the variables of the research and analyse the results in the sample examined for the sample of the research, which is the academic center and the auditors of the accounts in some of the Iraqi universities .Work on tabulating the data / information on the responses of the sample members of the paragraphs of the questionnaire adopted in order to address them statistically. This aims at knowing the level of research dimensions of independent variables (forensic accounting and external audit) and the dependent variable the audit expectations gap) by using the minimum and maximum responses, the arithmetic mean, and the standard deviation, as each dimension gets the arithmetic mean less than (3) and default mean is rejected .

For this purpose, the researcher used the questionnaire method which contains five- level likert item strongly disagree, disagree, (neutral), (agree), (strongly agree) respectively.

The study community is composed of 42 categories:

- Auditors and accountants working in Iraqi universities.
- Teaching staff with specialists in Iraqi universities.

The number of questionnaires we obtained was 50, of which 42 were valid. We can show the features of the study samples by the following table:



Table (1) Distribution of Demographic Characteristics of the Study Sample

Features	Distribution of attributes	Recurrence	Frequency Ratio
gender	female	11	26.19
	Male	31	73.81
Age	25-29	7	16.667
	30-34	10	23.81
	35-39	11	26.19
	40-44	8	19.048
	45-49	4	9.5238
	More than 50	2	4.7619
Educational Qualification	BA	23	54.762
	M.A.	15	35.714
	Ph.D.	4	9.5238
current work	Accountant Helper	11	26.19
	Account Manager	7	16.667
	finance audit	10	23.81
	Professor	14	33.333
Experience	Less than 5	4	9.5238
	From 6_10	20	47.619
	More than 10	18	42.857

Table (2) The Arithmetic Mean and the Standard Deviation of the Variables of Forensic Accounting, External Auditing, and the Expectations Gap N=42

	Forensic Accounting	Minimum	Maximum	Arithmetic Mean	Standard Deviation	Centric weight
1	Forensic accounting adds value to companies by protecting the owners of institutions from cheat and financial fraud.	1.00	5.00	3.05	1.33	0.61
2	Forensic accounting activates the role of internal control and improves the efficiency of the regulatory system and thus adds value to the company.	1.00	5.00	3.32	1.23	0.66
3	Forensic auditing is one of the pillars of the system of detecting cheat and financial fraud in the Iraqi environment.	1.00	5.00	3.82	1.27	0.76
4	Non-material errors in the accounting records of companies can be estimated efficiently by the forensic accountant.	1.00	5.00	3.74	0.86	0.75
5	The forensic accountant helps to discover and evaluate risks more effectively.	2.00	5.00	4.03	0.75	0.81
6	Lack of awareness of the importance of stakeholders and the role of the forensic accountant in the detection of cheat and financial fraud.	1.00	5.00	3.39	1.10	0.68
7	Expert experience in the forensic accountant combines accounting, legal, auditing, research and investigation skills that enable them to detect fraud	2.00	5.00	3.82	0.83	0.76



	and financial corruption.					
At the macro level of forensic accounting				3.6	1.05	0.72
	External Audit	minimum	maximum	Arithmetic mean	standard deviation	Centric weight
1	The audit profession cannot, in the current situation, play its role in detecting fraud and errors with the required efficiency	2.00	5.00	4.11	0.98	0.82
2	The current reality of scientific and practical qualification and professional competence required for external auditors do not allow them to carry out their duties and responsibilities in detecting cheat and financial fraud with the required competency.	2.00	5.00	4.11	0.86	0.82
3	The current external audit procedures are insufficient to detect fraud as they are intended only to obtain reasonable assurance that the financial statements are free of material misstatement.	2.00	5.00	3.68	1.07	0.74
4	The auditor's sole opinion on the fairness of the financial statements does not allow them to detect all cases of cheat and fraud efficiently.	1.00	5.00	3.42	1.11	0.68
5	The users of the financial statements expect the auditor to detect fraud, errors and irregularities that affect the financial statements.	2.00	5.00	3.87	0.84	0.77
6	The audit does not give absolute assurance that the financial statements are free from fraud and material misstatement.	2.00	5.00	3.71	0.77	0.74
7	The auditor examines samples of financial operations in accordance with the strength and weakness of the internal control system.	1.00	5.00	4.08	1.12	0.82
At the macro level of external audit				3.85	0.96	0.77
	Expectations gap	minimum	maximum	Arithmetic mean	standard deviation	Centric weight
1	The accounting departments in the universities to allocate a separate approach to accounting and forensic auditing . And appropriate guidance to the members of the faculty to discuss the practical cases that dealt with cases of fraud and financial corruption in institutions that detect cheat and cases of financial fraud and thus increase the efficiency and effectiveness of the audit.	2.00	5.00	4.13	1.23	0.83
2	The auditor should not only detect fraud as well as the use of individuals with the skills of investigation, legal examination and investigative skills and other skills and this leads to reduce the gap expectations for auditing.	2.00	5.00	4.13	0.74	0.83
3	The current audit procedures are not sufficient to detect fraud because they are intended only to obtain reasonable assurance that the financial statements are	2.00	5.00	3.74	0.98	0.75



	free of material misstatement, requiring recourse to the forensic auditor and thereby reducing the expectations gap for auditing.					
4	Lack of external audit procedures in the detection of fraud and errors leads to possible complicity of auditors with the perpetrators of cheat and aggravated fraud and widening audit gap.	1.00	5.00	3.58	1.15	0.72
5	A high level of professional uncertainty can lead to more risk identification fraud and sufficient to obtain a quality report and thus narrow the expectations gap.	3.00	5.00	3.87	0.66	0.77
6	The accountability of forensic accountants can enhance the reliability of the information presented in the financial statements and thus reduce the audit expectations gap.	2.00	5.00	4.05	0.66	0.81
7	The fact that forensic accountants in the investigation of the numbers of records and beyond the accounting records of companies can increase public confidence and thus reduce the audit gap expectations.	1.00	5.00	4.13	0.66	0.83
At the macro level of expectations gap				3.95	0.87	0.79

Table (2) shows the following:

- The forensic accounting sections of the sample were investigated with an average of 3.60, with a standard deviation of 1.05 and a percentage weight of 72%.
- The external audit paragraphs of the sample were investigated at a mean of 3.85, with a standard deviation of 0.96 and a percentage weight of 77%.
- The expectations gap sections of the sample were investigated at a mean of 3.95, with a standard deviation of 0.87 and a percentage weight of 79%.

3.2 The Analysis of Correlation Relationships

This study deals with the strength and direction of correlations between the variables (forensic accounting, external auditing and the expectations gap). The researchers used correlation coefficients Pearson to measure the relationship between their variables. The following is a detailed presentation and discussion of the results of the correlation relationships test between the research variables as follows: The first main hypothesis the existence of a significant statistical correlation relationship among the forensic accounting, the external audit, and the expectations gap. The results are as follows:

**Table (3) The correlation matrix.**

	Dependent dimension Independent Dimensions	Reasonableness Gap	
		Correlation coefficient	Moral level
1	Forensic Accounting	0.48	0.000
2	external auditor	0.64	0.000
		external auditor	
3	Forensic Accounting and external auditor	0.36	0.025

According to Table (3), the validity of the hypotheses will be ascertained as follows:

1- The first hypothesis: There is a significant correlation between forensic accounting and the expectations gap. It was found that there was a high and positive correlation (0.48). The level of significance was (0.000), which is less than the moral level determined by the researchers (0.05). Therefore, this hypothesis is accepted at the research level.

2 - The second hypothesis: There is a correlation relationship of significant indication between the external audit and the expectations gap. According to the data of table (3), there is a positive correlation relationship (0.64), while the significance level was (0.000) which is less than the level of significance determined by the researchers (0.05). Therefore, this hypothesis is accepted at the research level.

3. The third hypothesis: There is a significant correlation between forensic accounting and external auditing in the expectations gap. The correlation between (0.36) and the mean (0.025) is smaller than the level of significance determined by the researchers (0.05). Therefore, this hypothesis is accepted at the research level.

3.3 Testing and Analysing the Relationship of the Influence of Research Variables

The simple regression analysis was used in the tests to identify the effect of (forensic accounting and external auditing in the expectations gap). The Beta coefficient was also used to determine the expected change in the dependent variable (the expectations gap) due to the change in one of the independent variables (the forensic accounting and the external audit). The coefficient of determination R^2 was used to determine the ability of the model to interpret the relationship between the independent variables and the dependent variable. A comparison between the strength of the effect of each independent variable was measured by T-test, which indicates the significance of the results, as well as the use of (f) test to know the significance of regression sample. The research relied on a significant level (0.05) which was used to judge the significance of the effect. The calculated significance level was compared with the level of the moral value (0.05). The effects are significant if the calculated



level of morale is smaller than the moral level adopted and vice versa, and has developed three hypotheses which are as follows:

First: The first hypothesis: it informs of the existence of a relationship of positive significant statistical indication for forensic accountability in the gap expectations. Table (4) shows the results of the relationship test for forensic accounting in the expectations gap.

Table (4) Results of the Analysis of the Effect of Forensic Accounting in the Expectations Gap

Reasonableness Gap							
P.Value	Value T	coefficient regression Beta	P - Value	Value F	R ² Rate	Constant a	Variables
0.000	3.6	0.48	0.000	10.9	0.23	2.81	Forensic Accounting

According to Table 4, the determination coefficient Adjusted R² indicates that the explanatory rate of forensic accounting in the expectations gap is 23%, which is an acceptable percentage indicating that (23%) of the total differences in the expectations gap are determined by forensic accounting. The remaining percentage (77%) represents the percentage of the contribution of variables that are not included in the research model or random variables that cannot be controlled. In addition, the value of (F) calculated (10.9) and is significant at (0.05). This indicates that the regression model (regression equation) is acceptable and explains the relationship between forensic accounting and the expectations gap. The value of the coefficient of regression (Beta) between them (0.48) and tested its significance through the (T) test with a calculated value (3.6), which is significant at (0.05). Accordingly, the result confirms the validity and acceptance of this hypothesis, which states that there is an effect of positive statistical significance for the forensic accountability in the expectations gap.

Second: The second hypothesis: the benefit of this hypothesis is the existence of a relationship of significant positive external audit in the gap expectations. Table (5) shows the results of the relationship test for external audit in the expectations gap.

Table (5) Results of the Analysis of the Impact of External Auditing on the Expectations Gap

Reasonableness Gap							
P.Value	value T	coefficient regression Beta	P - Value	value F	R ² Rate	Constant a	Variables
0.000	4.9	0.64	0.000	24.4	0.40	2.3	External Audit



As shown in Table 5, the determination coefficient Adjusted R² indicates that the explanatory rate of the external audit in the expectations gap is 40%, which is an acceptable percentage indicating that (40%). Of the total differences in the expectations gap are determined by the external audit. And the remaining percentage (60%) represents the percentage of the contribution of variables not included in the research model or random variables that cannot be controlled. In addition, the value of (F) calculated (24.4) is significant at (0.05). This indicates that the regression model (regression equation) is acceptable and explains the relationship between the external audit and the expectations gap. The value of the coefficient of regression (Beta) between them is (0.64) and tested its significance through the (T) test where the calculated value is (4.9), which is significant at (0.05). Accordingly, the result confirms the validity and acceptance of this hypothesis, which states that there is an effect of significant statistical significance for the external audit in the expectations gap.

Third: The third hypothesis: it informs the of existence of a relationship of significant statistical indication positive for forensic accounting in the external audit. Table (6) shows the results of the relationship test for forensic accounting in the external audit.

Table (6) Results of the Analysis of the Effect of Forensic Accounting in the External Audit.

External Auditor							
P. Value	Value T	Regression Coefficient Beta	P -Value	Value F	R ² Rate	Constant a	Variables
0.025	2.33	0.36	0.025	5.45	0.13	2.78	Forensic Accounting

According to Table 6, the determination coefficient Adjusted R² indicates that the explanatory rate of the forensic account in the expectations gap is 13%, which is an acceptable percentage indicating that 13% of the total differences in external audit are determined by forensic accounting. And the remaining percentage (87%) represents the contribution of variables not included in the research model or random variables that cannot be controlled. In addition, the value of (F) calculated (5.45) is significant at (0.05). This indicates that the regression model (regression equation) is acceptable and explains the relationship between forensic accounting and external auditing. The value of the coefficient of regression (Beta) between them is (0.36) and tested its significance through the (T) test, where the calculated value is (2.33) which is significant at (0.05). Accordingly, the result confirms the validity and



acceptance of this hypothesis, which states that there is an effect of significant statistical indication for the forensic accounting in the external audit.

4. Conclusions and Recommendations

1. Through the data analysis of this research, a high and positive correlation was found between forensic accounting and the expectations gap. The responsibility to protect and detect frauds and other unethical situations that cause the audit expectations gap, can be found through forensic accounting
2. It was found that there is a significant positive correlation between the financial audit and the forensic accounting in terms of the expectations gap.
3. The auditor's responsibility is to give a neutral opinion about the financial statements by evaluating the internal control system.
4. There is a lack of external auditing to meet user expectations. It is therefore recommended to draw the attention of the users about the responsibility and duties of the external auditor in the area of fraud prevention and disclosure to avoid the expectations gap between external auditors and users of financial reporting.
5. There is lack of interest in forensic accounting despite its importance in detecting fraud, errors and financial fraud through the accounting, auditing, and legal skills that the judiciary accountant can have to be complementary to the auditing profession.
6. The researcher suggests establishing a special institute for forensic accountants in which the accountants graduate from. He becomes familiar with all the accounting, legal, and auditing procedures that will support the auditing and thus narrow the expectations gap for external users.
7. Keeping on searching about forensic accounting because it will be an important transfer of the profession of accounting and its significance in the institutions.
8. Identifying and adjusting the scope and responsibility of auditing for financial errors and fraud in order to absorb forensic accounting.
9. Achieving cooperation and integration between forensic accounting and external auditing to activate the role and reduce the expectations gap audit.
10. Narrowing the expectations gap by reducing misunderstanding between management and investors and reassuring the public confidence through the qualification of judicial accounting alongside the external



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