

To cite this article: Dr. Naji Shayeb Kayem Alrikabi (2022). The Quality Of International Accounting Standards And Their Impact On Adding Value To Foreign Investments To Iraq. International Journal of Education, Business and Economics Research (IJEBER) 2 (5): 75-96

THE QUALITY OF INTERNATIONAL ACCOUNTING STANDARDS AND THEIR IMPACT ON ADDING VALUE TO FOREIGN INVESTMENTS TO IRAQ

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ABSTRACT

In an environment of international competition to adding value to foreign investment and the result of development of communications and information technology, mobility of capital across borders, many countries, including Iraq seeks to attract foreign investment and participation in developing the country's infrastructure and the development of physical and human resources and the advancement of the Iraqi economy.

In order for Iraq to attract foreign investments to be creating the proper environment for it, including security and political stability and the issuance of a package of legislation in addition to the adoption of international accounting standards as these standards is of paramount importance to the foreign investor in the preparation of financial statements with appropriate disclosure and transparency and high comparability, which help the investor in making investment decisions.

The statistical analysis showed that the quality of international accounting standards affect in a positive way to adding value to foreign investment and by 77.4%.

KEYWORDS: International accounting standards, adding value, foreign investments.

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Published Online: Oct 2022

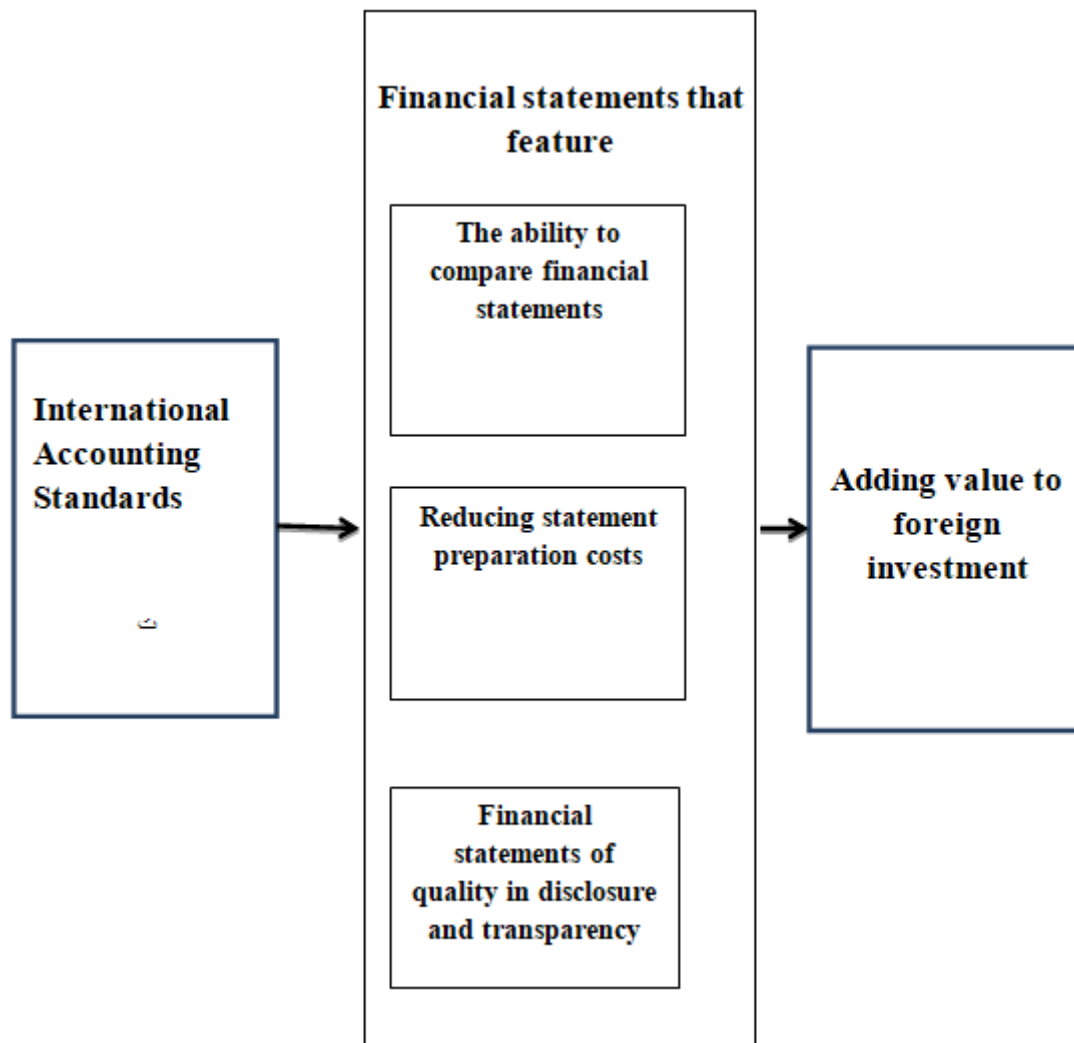
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INTRODUCTION

The problem of foreign investment in Iraq is complex, and the government should create the necessary economic, legal, regulatory and accounting environment to attract foreign investments, as it is not limited to the legislation of Investment Law No. (13) Of 2006 to attract foreign capital, despite its importance, but foreign investment requires creating an atmosphere what is appropriate for him and which the Iraqi environment suffers from, represented by the security conditions and political stability, and this is what investment environments in other countries do not suffer from. With regard to the topic of research, the theoretical framework for it can be explained in the following form:

Figure (1)

Clarifies the theoretical framework for examining the quality of international accounting standards and their impact on adding value to foreign investment in Iraq



Source: prepared by the researcher

The efforts of countries to adding value to foreign investments by creating the appropriate investment infrastructure, foremost of which is the application of international accounting standards and investment law, will lead to:

1. Development of the material and human resources of the country.
2. Creating job opportunities for thousands of the unemployed.
3. Transferring advanced technology and work methods and entering into projects that local investment may be unable to enter into.

There is no doubt that the countries of the world, due to the tremendous development in communications and information technology, are looking for foreign investments and taking various ways to attract these investments, including restructuring their economic activities so that they abandon the macro economy and move towards the micro economy where companies and private economic activity and the privatization of their economic activities, and in the field of standards International accounting, many countries, especially developing ones, moved towards the

application of international accounting standards as one of the manifestations of globalization in the hope that it would help and encourage the foreign investor in making his investment decisions through the confidence enjoyed by the financial statements prepared by the economic units operating in Iraq.

RESEARCH METHODOLOGY

Research problem:

The research problem is determined by the need of developing countries, including Iraq, for the necessary capital to build infrastructure in addition to developing the various sectors of the national economy. In sum, the quality of the international accounting standards adopted in the country that aims to attract foreign investments, as the foreign investor before he determines the country in which he invests, he studies the feasibility of investing in this country and not others and looks at the financial statements of companies operating in the economic sectors and the availability of the appropriate investment environment.

Research Objective:

The research goals to measure the impact of the quality of international accounting standards in adding value to foreign capital and the exceptional importance that this poses to any country, including Iraq, in its attempts to attract foreign capital and the accompanying modern technology, operation of economic sectors, and the absorption of a large volume of local unemployment.

Research importance:

Foreign investments constitute an important resource in the development and development of different countries, which means improvement of infrastructure, advancement of the national economy and an increase in exports. Financial statements, which makes them trust the investor and can compare them with economic activities in the same sector or with previous years, in addition to achieving sufficient disclosure and required transparency.

Research Hypotheses

The quality of international accounting standards helps in adding value to various foreign investments to Iraq, which leads to:

1. Transferring advanced technology and creating opportunities to absorb unemployment.
2. Opening horizons for the development of Iraqi human resources.
3. Developing exports and entering into projects that local investment is unable to achieve.

Data source:

The researcher used many sources to obtain data, such as the Internet, theses, and personal interviews, in addition to a list of the questionnaire that was distributed to a random sample consisting of (50) individuals distributed equally between University professors and chartered accountants specialized in the field of accounting and business administration, among investors and members of the board of directors of companies registered in the Baghdad Stock Exchange.

Search limits:

The research is determined by studying the impact of the quality of international accounting standards in adding value to foreign investments through the study of a sample consisting of (50) individual university professors, auditors and investors in the Baghdad Stock Exchange.

Search method:

The researcher relied on analyzing the answers of the research sample to prove the direct correlation between the variable of the quality of international accounting standards and the variable of adding value to foreign investments, based on a set of analyzes and statistical indicators that measure the direction and size of the relationship between these two variables.

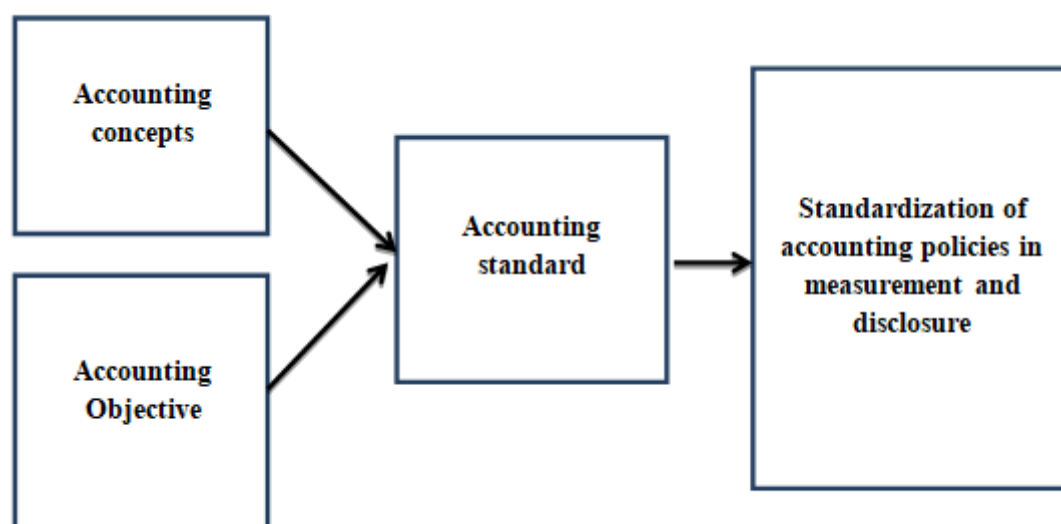
➤ Theoretical Framework For The Quality Of International Accounting Standards

The concept of accounting standards

The accounting standard in general is a measurement tool and it is a rule or a set of rules that form the framework for the unification of accounting policies. This standard is derived from a set of accounting objectives and concepts (Al-Jarf, 2010, 4) and in this sense; accounting standards are rules for measuring economic operations and disclosure on the activity of the economic unit and its financial position.

Figure (2) shows the importance of the accounting standard in unifying accounting policies for measurement and disclosure

Figure (2) shows how the accounting standard was issued and its importance in unifying accounting policies



Source: prepared by the researcher

The local or international accounting standards are the basis for measuring the elements of the financial statements such as the income statement, financial position, cash flow and retained earnings statement, and at the same time determine the foundations that can be adopted in the

disclosure and transparency processes, as well as they determine the quality of the outputs of these financial statements and the characteristics required for the accounting information used by the related parties from investors, lenders, executives and others.(Jonathan G. Katz, 2000: 5).

➤ **The development of international accounting standards**

Accounting is characterized by its ability to respond to changes that occur in the economic, social, legal and regulatory environment in which it operates. Therefore, accounting standards are also the product of multiple factors and interactions, and this means that they differ from one country to another depending on the different factors that can be summarized as follows:

1. legal system
2. Sources of finance
3. The taxation system
4. Political and economic ties
5. Inflation
6. The level of economic development
7. The level of education
8. Culture(nobles and parker, 2000:16-26)

Therefore, we find that there is a difference in accounting standards from one country to another depending on the different factors affecting their formation and at the same time based on the needs of the parties that use the financial statements and then the reflection of this on the methods and methods of measurement and accounting disclosure, and as a result of global development and the trend towards globalization and the emergence of multinational companies and the growth of financial markets And the flow of capital across borders, so the role and importance of international accounting standards has been greatly enhanced as a feature of globalization in the field of accounting and has contributed greatly to the unification of accounting practices and policies at the world level, and the number of countries that adopt international accounting standards or those that tend to conform or harmonize has increased. With it which constitutes one of the foundations of the infrastructure required to attract foreign investment. Therefore, the International Accounting Standards Committee (IASC) appeared in 1973 to take upon itself the development of international accounting standards that can be used all over the world in accounting measurement and disclosure. The International Accounting Standards Committee (IASC) is managed by a board made up of representatives of thirteen countries appointed by the International Federation of Accountants (IFAC). In 1983, the aforementioned committee reached a work agreement with the International Federation of Accountants aimed at developing and developing accounting in different countries and at the same time finding a formula for compatibility between the local accounting standards for each country and the international accounting standards required by multinational companies and foreign investments. The International Accounting Standards Committee (IASC) issued about (41) international accounting standards during the period from 1973 to 2001 (Najm, 2008: 55). This committee faced several challenges, the most important of which is the increasing demand for the issuance of high quality international accounting standards that Consistent to a large extent with the different global environments so as to produce financial statements that are comparable and consistent with the huge changes in the economic environment of different countries.

➤ **International Accounting Standards Quality Characteristics**

In 2000, the US Securities Exchange Commission (SEC) issued a publication that represents a framework for the quality of international accounting standards in order to increase the acceptance of financial statements prepared in accordance with these standards by related parties. The US Securities Exchange Commission (SEC) has assumed the characteristics of the quality of accounting standards international as follows:

First: Do international accounting standards constitute an objective basis for preparing financial statements to meet the needs of related parties?

Second: The extent to which international accounting standards are able to produce accounting information of a high degree of quality

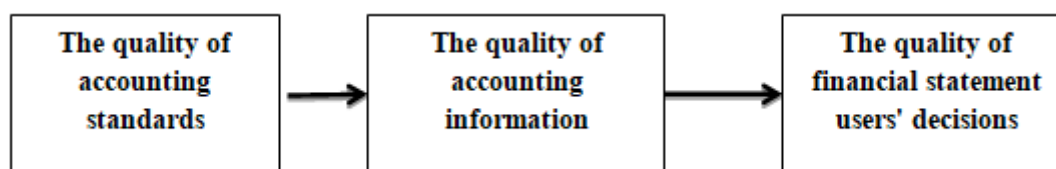
Third: The possibility of applying these standards or needing additional amendments.

Fourth: Do international accounting standards constitute an integrated framework that contains all the accounting issues facing economic activities, or have they not been completed yet?

The American Securities Exchange Commission (SEC) has determined the quality of accounting standards with its ability to produce financial statements whose information is characterized by a set of characteristics, called the qualitative characteristics of accounting information, which are the qualities that must be provided by the information contained in the financial statements and become useful to decision makers and then called quality accounting information. The concept of the quality of accounting information depends mainly on the objectives of the financial statements, the more useful the accounting information in the field of rationalizing decisions, the more useful and of high quality. Figure (3) shows the relationship between the quality of accounting standards and the quality of decisions taken by the relevant parties.

Figure (3)

Shows the relationship between the quality of accounting standards and the quality of decisions



Source: prepared by the researcher

The American Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have issued many accounting standards that define the qualitative characteristics of accounting information to become of high quality. My agencies are:

1. Relevance Information

Appropriateness is one of the characteristics that should be available in the information produced by accounting standards and helps makers of investment and administrative decisions at the internal and external levels of the economic unit. And it helps them in evaluating past, present and future economic events. (Al-Qishi and Al-Abadi, 2009: 2)

2. Reliability Information

The quality of accounting information does not depend only on the intrinsic characteristics of the information (appropriateness and reliability), but also depends on characteristics related to the capabilities of decision-makers or users of accounting information, and that the high quality of accounting information leads to a higher quality of decisions taken by information users, and that the quality of financial statements depends on The quality of accounting standards, the more the financial statements have a clear impact and are characterized by a large amount of appropriate information disclosure, which leads to high quality in making economic decisions.

The American Securities Exchange Commission (SEC) has specified a set of characteristics that must be available in any accounting standard in order to be characterized by quality, and these characteristics are as follows: - (Al-Jarf, 2010: 10)

1. The ability of accounting standards to produce financial statements that is consistent from year to year and can be compared with previous years or with similar companies in the same sector.
2. The financial statements produced by the accounting standards should be characterized with appropriate transparency so as to provide an opportunity for the user of the financial statements to extrapolate the economic events disclosed in the financial statements.
3. The ability of accounting standards to produce financial statements with adequate disclosure.

It is worth noting that the quality of the accounting standard is not achieved once it is issued, but must be accompanied by an explanation of the application mechanisms that help consistency in the accounting application of the standard from one period to another and from one company to another. The researcher believes that the application of international accounting standards will produce financial statements of high quality compared to local accounting standards, with the exception of American accounting standards, and some researchers believe that the quality of international standards is higher than the quality of American standards, as the latter depends on rules, while international standards depend on accounting principles. (Abu al-Khair, 2009:7)

➤ The relationship of the quality of accounting standards with the concepts of privatization, governance, globalization:

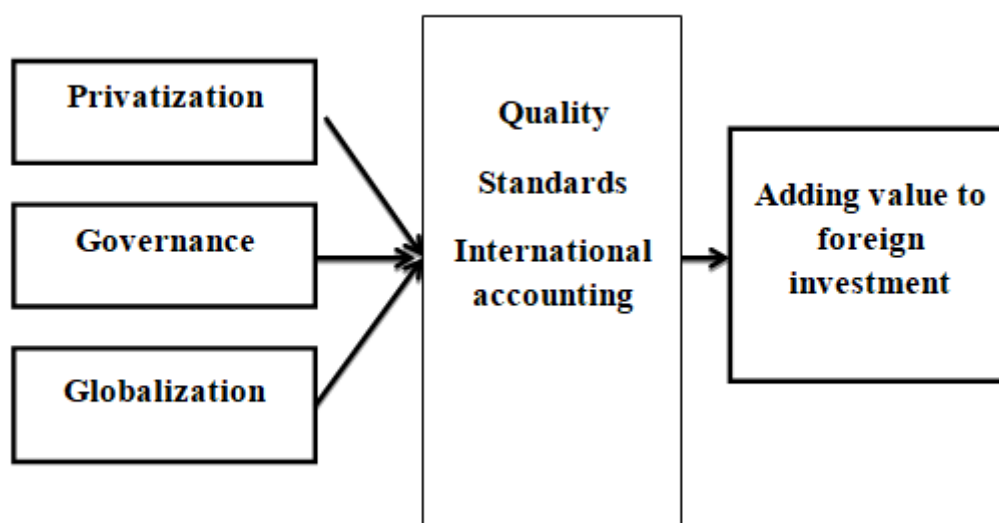
Privatization:

Privatization is defined as the process that results from the sale of fully state-owned companies or the sale of large shares of them to private investors, whether they are local or foreign investors, Services, as in the United States, where education, road construction, garbage collection, and other services have been privatized. The question that arises is why the state resorted to privatization? The answer is the need to limit government control when that control hinders the private sector from working efficiently as a result of governments consuming a large amount of resources. The

private sector is the natural engine of economic growth, and it can be said that privatization constitutes an important element in the process of economic reform and plays an important role In support of local and foreign investment and lead to improving economic performance, as many state-owned companies suffer from a lack of investments, especially foreign ones, and bear large losses, especially heavy industries. Undoubtedly, the foreign investor will not pump his money and buy these losing companies before it is paved for him the way in preparing the infrastructure for investment, including the adoption of international accounting standards, in addition to other matters. (CIPE, 2002: 2).

Figure (4)

The relationship between privatization, governance, globalization and the quality of international accounting standards



Source: prepared by the researcher

The above figure shows that the quality of accounting standards constitute the common denominator of the concepts of privatization, governance, globalization in order to attract foreign investment.

Corporate governance

The concept of governance means tightening the contractual relationship between the concerned parties, represented by the management of the company, shareholders and bond holders, employees, stakeholders and others, using sound financial and accounting tools in accordance with accounting standards related to disclosure and transparency (Nermin Abu Al-Atta, 2004: 2). Most countries in the developed and developing world are interested in corporate governance. It is concerned with governance to ensure the safety of its companies and not to be exposed to financial shocks and bankruptcy, while at the same time ensuring the rights of investors, creditors and other parties. Developing countries are concerned with the issue of corporate governance for the purpose of creating the appropriate infrastructure to attract foreign investments.

One of the basic principles of corporate governance is disclosure and transparency, and this principle is not achieved unless companies rely on international accounting standards.

It serves as a guarantee for the rights of investors, whether they are local or foreign, and this is the same goal achieved by international accounting standards, and the researcher believes that disclosure and transparency in particular constitute major objectives of corporate governance that must be consistent with accounting and financial quality standards, and there is a close link between corporate governance principles and international accounting standards. (Mutair, 2009: 2-4)

Globalization

The concept of globalization means giving priority to global activities at the expense of national activities, and globalization has effects on politics, economy and investment, and global market economies become a priority and influence on local economies, Infrastructure from legal legislation and the adoption of international accounting standards in preparing financial statements with appropriate disclosure and transparency. (Narmin Abu Al-Atta, 2004: 10).

➤ Conceptual framework for adding value to foreign investments

The concept of adding value to foreign investments:

The researcher believes that what is meant by foreign investment is the flow of foreign capital from countries with the ability to invest to countries in need of such investments. The International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (DECD) defined foreign direct investment as ((investments in projects within a country At the same time, these investments are controlled by residents in another country, and the share of the foreign investor must not be less than 10%, then it is called foreign direct investment, or if the investor's share is less than 10%, then it is called indirect foreign investment) (Department of Economic and Commercial Sciences, 2009: 2) and that this percentage varies from one country to another. Australia considers the possession of 25% and above of the level of ownership as a direct investment, while France considers it direct when owning 20%, either the United States, Sweden and Germany considers 10% sufficient to be a direct investment. Foreign investment is one of the important financial features of globalization at the present time, and foreign investment in general takes three forms, which are as follows: (Al-Asraj: 2009: 1)

A - Indirect Foreign Investment

It is the total capital that a particular country obtains when it issues securities (shares and bonds) inside the financial market and are bought from foreign investors.

B - Foreign investment by granting bank loans and the benefits arising from them, and setting the repayment term and other obligations.

C - Direct foreign investment. It is the total capital that is transferred from one country to another to work directly in various economic activities.

The importance of foreign investment in Iraq

The Iraqi economy needs more direct and indirect foreign investments, given the economic, social and political conditions that it is going through. It is very low, in addition to its lack of basic infrastructure, including electricity, banking institutions and modern work techniques such as methods and equipment, in addition to the clear lack of qualified human resources despite their availability in large numbers, in addition to the scourge of administrative and financial corruption that constitutes a heavy burden on the Iraqi economy, not to mention the political and security instability And the incomplete legal and organizational structure of the country.

Therefore, the issue of attracting foreign investment is of exceptional importance in addressing the reality of the Iraqi economy and the lives of the Iraqi population. The researcher believes that Iraq is in dire need of the following:

1- Creating job opportunities.

The volume of unemployment in Iraq is estimated at about (25-27%), which is a very high rate, and the evidence indicates that the government effort alone is not sufficient to absorb unemployment. At the same time, the Iraqi private sector has limited capabilities in light of the current situation, which requires an effort to attract foreign investment that would To move the wheel of the Iraqi economy and provide job opportunities for those who need them and thus reduce the phenomenon of poverty, beggary and low living life for a not small group of the population of Iraq.

2- The introduction of modern technological equipment and methods.

The Iraqi economy suffers from a low productivity of the economic sectors, backwardness in work methods and the spread of administrative bureaucracy on a large scale. It is expected that foreign investment will contribute to bringing modern technology and advanced methods of work that help in increasing exports, reviving the economic life cycle, raising productive efficiency and developing infrastructure.

3- Building modern banking institutions.

Despite the large number of Iraqi public and private banks, most of them are backward in currency methods and depend on manual work more than automatic, while we see in today's world where globalization and how banking institutions contribute to the economic development of the country and contribute to local investments on a large scale, but what the Iraqi banks offer It did not live up to the requirements of the rising economic life. In addition, the Iraqi investment law has placed many restrictions on foreign investment in the banking sector.

4- Configuring the infrastructure.

Iraq suffers from many problems in the field of infrastructure necessary to attract foreign investment, foremost of which is the availability of electricity, roads, bridges and other basic facilities such as ports, airports, railways, water projects and others. Therefore, encouraging foreign investment to engage in the formation and development of infrastructure will shorten time and provide important requirements for economic development.

Determinants of foreign investment in Iraq

It is known that the volume of global competition to attract foreign investment is large among the countries of the world, whether they are developed or developing. In fact, foreign investment is heading towards developed countries more than developing countries. Statistics indicate that more than 90% of the balance of foreign direct investment comes from developed countries, and that about 68% of the foreign investment goes to developed countries. And that foreign investment usually goes to prosperous and stable countries, and these countries are usually industrialized countries with a democratic approach. However, about 70% of foreign investment that did not go to developed countries went to only eight countries (Mexico, Brazil, Argentina, China, Indonesia, Malaysia, Singapore, and Poland). Therefore, some governments have studied the factors that lead to attracting foreign investment, including Canada, which commissioned experts to study the active elements to attract foreign investment. The results of the study indicated a number of factors that help in attracting foreign investment, which are as follows: (Graham, 2010:3)

- A- A highly qualified workforce with appropriate scientific qualifications.
- B- A mature legal system characterized by efficiency and justice.
- C - Advanced infrastructure for transportation in all its forms.
- D - Adoption of the principles of free trade in import and export.
- E - A stable and feasible economic policy.

The study indicated that the temptations of developing countries to attract foreign investment related to tax exemptions, land ownership and ensuring non-nationalization may not be sufficient to attract foreign investment.

It took place in the field of foreign investment in the Iraqi oil sector, but there are still many obstacles facing attracting foreign investment to Iraq.

Foreign investment strategy in Iraq:

In today's world, many economic and non-economic phenomena are not formed in developing countries, but rather express the civilization of the developed countries and are transferred from them to the rest of the world. Among these activities (phenomena) is the attraction of foreign investment whose main source is the developed countries with its multinational companies and its multifaceted investments, and thus These global phenomena, represented in addition to what was mentioned in the Free Trade Agreement and the liberalization of global trade, the opening of local markets, the determination of taxes and customs duties, and the demand from its member states, the equality of foreign investments with local investments, the trend towards privatization of projects, the adoption of international accounting standards more than domestic standards and the darkening of the economy Micro rather than macroeconomics.

All this requires the development of an appropriate strategy to benefit from foreign investment and its freedom of movement to serve the Iraqi economy. In other words, we need to adapt global phenomena such as attracting foreign investment to serve the Iraqi economy. The strategy of foreign investment trends in Iraq can be visualized as seen by the researcher as follows:

First: Foreign investment should not be directed towards speculation in securities and earning quick profit. Rather, foreign investments must be in strategic projects that bring advanced technology and contribute to increasing the national product.

Second: Foreign investment should focus on developing the Iraqi private sector and focus on building research centers and preparing studies that define prospects for future development and the priorities of Iraq's needs in terms of infrastructure and superstructures.

Third: Concentrating foreign investment on the many available Iraqi human and material resources so that they are operated at fairly low costs, which requires building centers for the development and rehabilitation of Iraqi human resources, and that foreign investment, does not tend to attract foreign labor.

Fourth: A country like Iraq with a large population and natural resources should direct the investor towards strategic industries and not necessarily direct investment towards services or light industries despite their importance.

Fifth: The Iraqi research authorities should issue studies that would encourage the foreign investor and multinational companies in determining the prospects for future investment in Iraq, and that it should not be random and produce harmful accidental results as in the United Arab Emirates. (Abu Dhabi Chamber of Commerce and Industry, 2001: 7)

Sixth: Intensifying efforts to establish specialized scientific and professional bodies, such as the Institute of Chartered Accountants, to adopt training and guidance of relevant authorities to adopt and implement international accounting stand.

➤ **Studying the relationship between the international accounting standards quality variable and the variable adding value to foreign investments**

A sample of (50) individuals has been studied and includes several categories, such as university professors with academic degrees, certified accountants and auditors, in addition to investors in the Baghdad Stock Exchange. And (25) a questionnaire for investors, and table (1) describes the research sample.

Table (1)

It shows the research sample according to educational attainment and years of experience

Years of Experience	Less than 5 years	5 - 9	10 -14	More than 15	Total
Certificate					
PhD	1	3	3	10	17
legal accounting	-	-	2	5	7
Master	1	5	-	4	10
Bachelor	3	-	-	10	13

Diploma	-	1	-	2	3
Total	5	9	5	31	50

As for **Table (2)**, it shows the categories and specializations of the research sample

Specialization Occupation	Accounting	business management	physics	Economy	literature	Computer	engineering	Total
University Professor	10	7	-	1	-	-	-	18
Investor	2	9	1	6	1	2	2	23
Accountant	9	-	-	-	-	-	-	9
Total	21	16	1	7	1	2	2	50

First: Reliability and Validity tests

Tests were conducted on the questionnaire (Appendix No. 1) that would verify its validity and reliability. My agencies are:

1- Content validity test

For the purpose of verifying the validity of the questionnaire's efficiency in measuring the impact of the quality of international accounting standards as an independent variable on attracting foreign investment as a dependent variable through a set of (20) questions. The validity of the questionnaire, the most important, the most common and the most accurate is the comparative method.

The idea of this method is to arrange the results of the questionnaire in ascending order and then divide them into two groups. 27% of the highest scores are selected as the first group and 27% of the lowest scores as a second group. The t-test is calculated by comparing the averages of the two groups according to the following formula:

The validity of the questionnaire was extracted according to the following steps:

1. Arrange the sample answers in ascending order
2. Divide the sample into two groups
3. She chooses 27% of the highest answers from the first group and 27% of the lowest answers from the second group.
4. We extract the arithmetic mean and standard deviation for both groups.
5. We extract t by comparing the averages of the two groups according to the following formula

$$t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n} + \frac{s_2^2}{n}}}$$

6. We compare the calculated t) with the tabulated one with a significance level of 5% and a degree of freedom (10).

Then we compare the calculated (t) with the tabular one with a significant level of 5% and a degree of freedom (10), and after applying the formula to the questionnaire data, it was found that the calculated value of the test was (19.8), while the tabular value was (1.645), and this confirms the validity of the questionnaire.

2- Test the stability of the resolution.

This test is used to show the extent to which it is possible to rely on the questionnaire to give the same results when applying this test to the research sample after a period of time, and there are several statistical methods and they all depend on the idea of the correlation coefficient. Among the most important and most common formulas is the Gateman formula, according to the following formula:

The stability coefficient was extracted according to the following formula

Where:

S1 is the standard deviation of the individual question

S2 is the standard deviation of the pair wise questions

S represents the standard deviation of all questions

R is the stability coefficient

$$R = 2 \left(1 - \left(\frac{S1^2 + S2^2}{S^2} \right) \right)$$

After applying this formula to the research questionnaire, the value of the reliability coefficient is (0.81) and this indicates the stability of the resolution scale with a high degree.

Second: To test the extent to which the opinions of the research sample differ when answering the questions of the questionnaire.

Table (3) shows the degree of difference in the opinions of the research sample regarding each of the axes of the questionnaire. The table shows the degree of difference in the opinions of the research sample for the axis of quality of international accounting standards, which amounted to (20.6706), while the coefficient of variation for the axis of attracting foreign investment amounted to (18.8617) and is due to the reason The difference in the opinions of the research sample for the two axes of the questionnaire is due to the difference in the scientific and practical backgrounds of the research sample and its impact on their opinions.

Table (3) it shows the extent of the difference in the opinions of the research sample when answering the paragraphs of the questionnaire

the scale	arithmetic mean	standard deviation	Variation coefficient
Details			
The quality of international accounting standards	4.175	0.863	20.6706
Adding value to foreign investment	4.305	0.812	18.8617

The coefficient of variation was extracted according to the following formula

$$C.V = \frac{S}{X} * 100$$

Where:

C.V represents the coefficient of variation

S represents the standard deviation.

X Represents the arithmetic mean

Third: Analyzing the answers of the research sample.

Table (4) shows the analysis of the answers of the research sample to the axis of the quality of international accounting standards, as this analysis shows the agreement of the opinions of the research sample with what the researcher put forward to determine the characteristics of the quality of international accounting standards that will contribute to attracting foreign investments and the arithmetic average ranged between (4.48) for a question (Entering into international organizations, including the World Trade Organization and other organizations, requires creating the appropriate infrastructure, including the adoption of international accounting standards in preparing financial statements in economic units. And (3.84) for the question (The quality of decisions taken by the parties involved in the financial statements depends on the quality of the international accounting standards) with a percentage weight ranging between (76.8 - 89.8) percent, respectively.

Table (4) Arithmetic mean, percentile weight and standard deviation of the opinions of the research sample for the axis of quality of international accounting standards

Sequence	Details	Arithmetic mean	percentile weight	Standard deviation
1	It is preferable to use international accounting standards instead of local accounting standards because of their high quality.	3.88	77.6	1.128
2	The international accounting standards constitute the common denominator of the concept of globalization, governance and privatization.	4.24	84.0	0.645
3	In order for privatization to be successful in any country, it is necessary to create a legal and regulatory environment in addition to the appropriate accounting environment for the purpose of producing financial statements characterized by transparency and adequate disclosure.	4.20	4.20	0.866
4	The use of international accounting standards reduces the costs of preparing financial statements. Instead of preparing them according to local accounting standards and then international	3.88	77.6	0.971

	accounting standards, they are prepared for one time using international accounting standards, which encourages investors to make investment decisions.			
5	Despite the many differences between countries in the field of education, culture, level of economic growth and political stability, the compatibility between local accounting standards and international accounting standards is vital in attracting investments.	4.12	82.4	0.972
6	The quality of the financial statements and the accounting information required by these statements increases the more we use high-quality accounting standards	4.36	87.2	0.700
7	The quality of decisions taken by the parties related to the financial statements depends on the quality of international accounting standards.	3.84	76.8	0.850
8	The quality of international accounting standards depends on the quality of the procedures adopted for setting these standards, as they go through a series of procedures that guarantee their quality	3.92	78.4	0.909
9	Getting into international organizations, including the International Trade Organization and other organizations, requires creating the appropriate infrastructure, including the adoption of international accounting standards in preparing financial statements in economic units.	4.48	89.6	0.585
10	Characteristics of the quality of accounting information are reliability, suitability and reliance on it depends on the quality of international accounting standards.	4.16	83.2	0.687

Table (5) also shows the analysis of the answers of the research sample to the axis of adding value to foreign investment, as this analysis shows the agreement of the opinions of the research sample with what the researcher put forward in determining the required quality of international accounting standards in order to have a positive impact on adding value to foreign investment, as the higher the quality of accounting standards, this led to The high quality of the financial statements, and then the high quality of the decisions taken by the management of the economic unit. The arithmetic average for this axis ranged between (4.60) for the question (for the financial statements prepared according to international accounting standards, of great importance to the foreign investor, and this importance increases with the increase in the branches of multinational companies) and (3.88) For a

question (foreign investments depend on three trends represented by privatization, globalization and governance, and an internal orientation represented by international accounting standards)

Table (5) Arithmetic mean, percentile weight and standard deviation of the opinions of the research sample for the axis of adding value to foreign investment

Sequence	Details	Arithmetic mean	percentile weight	Standard deviation
1	Financial statements prepared in accordance with international accounting standards are of great importance to the foreign investor, and this importance increases with the increase in the branches of multinational companies.	4.60	92	0.577
2	The use of international accounting standards in preparing the financial statements will give the foreign investor an additional opportunity to understand these statements and increase confidence in them.	4.44	88.8	0.583
3	The application of international accounting standards leads to adding value to foreign investments and provides the appropriate accounting environment for the development of the national economy.	4.08	81.6	0.909
4	Attracting foreign investments leads to the introduction of advanced technology and contributes to providing job opportunities and reducing the unemployment rate.	4.04	80.8	1.240
5	Foreign investments require an appropriate legal, regulatory and financial environment. The investor needs the necessary infrastructure, banks and the stock market.	4.36	87.2	0.568
6	There is intense competition between countries to attract foreign capital, which requires creating appropriate opportunities to attract these foreign investments and providing them with facilities.	4.12	82.4	0.971
7	Multinational companies operating in different countries are in dire need of international accounting standards in order to be able to prepare their financial statements for the mother company and its branches in different countries.	4.28	85.6	0.737

8	Attracting foreign investments is no longer just wishful thinking, but rather legal legislation, regulatory procedures, incentives and tax exemptions, as well as the adoption of international accounting standards because they provide a common language that local accounting standards do not provide.	4.12	82.4	0.927
9	Foreign investments depend on three trends represented by privatization, globalization and governance, and an internal orientation represented by international accounting standards.	3.88	77.6	0.927
10	Each economic environment has a type of foreign investment that suits it. It may be direct investment, it may be through participation, and it may take other forms that contribute to the economic development of the country.	4.20	84	0.707

Fourth: Factor Analysis

Factor analysis is used to study the variables of each of the axes of the questionnaire and then the formation of several groups for each of the axes of the questionnaire. This formation depends on the values of those groups and at the same time shows the relationship of the correlation of each variable (question) with its group. The relationship may be positive, that is, with a direct effect, or the relationship may be negative I have the opposite effect. It also shows the importance of each question within the group from the point of view of the research sample.

Table (6) showed that the factor analysis formed four groups for the axis of quality of international accounting standards, whose total value ranged between (3.572) for the first group and (1.101) for the fourth group, with cumulative rates ranging between (35.722%) for the first group and (72.251%) for the fourth group, with percentages Variation of (35,722) and (11.05%) for the first and fourth groups, respectively.

Table (6) shows the sequence of the four groups according to their value and the cumulative ratios of the variance of each of them to the axis of quality of international accounting standards

group sequence	Total values for each group	Ratio of group variance to grand total	Cumulative percentages
1	3.572	35.722	35.722
2	1.328	13.278	48.999
3	1.225	12.247	61.246
4	1.101	11.005	72.251

Table (7) shows the variables of the first group, arranged according to the amount of saturation for each variable, that is, according to the degree of the variable's association with its group for the quality axis of international accounting standards. That is, the table shows the importance of the questions from the point of view of the research sample and not based on their arrangement as stated in the questionnaire.

Table (7) it shows the variables (questions) that have the most impact on the quality of international accounting standards from the point of view of the research sample

Question sequence according to the questionnaire	Variables (questions) first axis	Saturation amount
8	The quality of international accounting standards depends on the quality of the procedures adopted for setting these standards, as they go through a series of procedures that guarantee their quality	0.815
10	Characteristics of the quality of accounting information are reliability, suitability and reliance on it depends on the quality of international accounting standards.	0.783
6	The quality of the financial statements and the accounting information required by these statements increases the more we use high-quality accounting standards	0.723
7	The quality of decisions taken by the parties related to the financial statements depends on the quality of international accounting standards.	0.716
4	The use of international accounting standards reduces the costs of preparing financial statements. Instead of preparing them according to local accounting standards and then international accounting standards, they are prepared for one time using international accounting standards, which encourages investors to make investment decisions.	0.538
2	The international accounting standards constitute the common denominator of the concept of globalization, governance and privatization.	0.511

Table (7) shows that the effective questions are only (6) out of the total number of ten questions for the axis of quality of international accounting standards.

Fifth: Studying the direct impact ratio of the independent variable (x), which the quality of international accounting standards, on the dependent variable (y), which represents the attraction of foreign investment.

Table (8) shows the impact of the quality of international accounting standards in adding value to the foreign investment of the research sample, as the percentage of the square coefficient of determination reached 77.4%, and this indicates that the independent variable (the quality of

international accounting standards) has an impact on the dependent variable (attracting foreign investment) by 77.4 % This represents a high impact rate, while the complement of the ratio is due to the influence of other factors.

Table (8) it shows the impact of the quality of international accounting standards in adding value to foreign investment

Category	Coefficient of determination (R)	Selection parameter square (R Square)	Modified coefficient of determination square (R Adjusted)
Research sample	% 88.0	%77.4	% 76.9

Table (9), it shows the analysis of variance (ANOVA) and that the calculated (F) value amounted to (164.079) with a degree of freedom (35.61) and a significant level (0.05), while the tabular F value (7.08), which means that (the calculated F is greater From F) scheduled, this indicates that the variable quality of international accounting standards directly affects the variable attracting foreign investment.

Table (9) Analysis of variance (ANOVA) for multiple linear regressions shows the effect of the variable IAS quality on the variable Adding value to foreign investment

Category	Variance analysis	sum of squares	degree of freedom	mean squares	Calculated F
Research sample	Regression	26.057	1	26.057	164.079
	Rest	7.623	48	0.159	
	Total	33.680	49		

CONCLUSIONS AND RECOMMENDATIONS

First: the conclusions

1. The investment environment in Iraq suffers from shortcomings in the use of high-quality accounting standards and the adoption of low-quality local standards.
2. Weak compatibility between the Iraqi rules, which are a modified translation of international standards and international accounting standards, which weakened the quality of financial statements in the field of disclosure and transparency.
3. The lack of a package of legal legislation and the creation of a sufficient organizational structure to attract foreign investments, in addition to the political and economic stability that foreign investment needs.
4. The delay of the Iraqi Accounting Standards Board in issuing standards that keeps pace with economic events, so its production of standards was modest.

5. Iraq is almost among the few countries that rely on a part-time committee to issue accounting standards, while most countries, including developed ones, have full-time professional institutions that monitor economic events and issue standards that respond for these events.
6. Iraq is currently standing in the middle of the road, as the nature of the political system in theory depends on the micro-economy, and in practice, it has not taken the critical steps towards privatization and adheres to public institutions and companies, meaning there is no clear strategy.

Second: Recommendations

1. Compatibility between high-quality international accounting standards and local accounting standards, which lead to an increase in the quality of financial statements and reduces the costs of preparing them.
2. Creating the appropriate ground for the application of high-quality accounting standards by opening courses for the relevant parties, including legal accountants, the management of investment companies in Iraq, and other parties that use the financial statements.
3. Expedite the issuance of legal and regulatory legislation that would create an appropriate investment environment that would contribute to attracting foreign investment and give him confidence.
4. Dissolving the Accounting Standards Board, which is a non-discriminatory committee for this work, and adopting a specialized professional body with scientific and professional qualifications, and that its work is not to run after events, but rather to extrapolate and address economic events with regard to accounting and auditing.
5. Establishing the Institute of Certified Public Accountants and identifying scientific and professional staff to carry out studies and research, conduct tests and recommend the issuance of accounting standards that comply with international accounting standards, and this is the case in many developed countries.
6. Develop an economic strategy based on studies from specialized bodies to determine the priorities of projects that are privatized for local or foreign investment, as well as developing a strategy for issuing high-quality accounting standards.

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