

The Impact of Ownership Structure on Accounting Conservatism: Evidence from Companies Listed on the Iraq Stock Exchange

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Abstract

The effect of ownership structure on accounting conservatism is examined in a study of companies that are listed on the Iraqi Stock Exchange (ISX). The shares of each dimension were divided by the total number of shares to identify ownership of the structure's dimensions, and a scale (Givoly & Hayn, 2000) was used to estimate the accounting conservatism. Information asymmetry was measured using high/low margins. Data from 2015 to 2019 is taken from the yearly financial statements and trading bulletins. The current study's statistical analysis revealed a statistically significant relationship between ownership structure and accounting conservatism.

Keywords: Corporate Governance, Ownership Structure, Accounting Conservatism.

Introduction

The global financial crisis began in late 2007 in the United States of America and spread to many other countries, and its impact was not only on the financial sectors, but also affected other sectors of the economy, and then accusations became directed towards tampering with financial reports and failure in corporate governance as one of the causes of this crisis, which led To open a discussion about the mechanisms of corporate governance and its role in restoring confidence in the information contained in the financial reports, and accordingly, interest in the mechanisms of corporate governance has increased, in which the ownership structure is part of the internal mechanisms as a means of controlling corporate management and protecting the interests of shareholders and stakeholders in general.

Where the ownership structure refers to the amount of shares owned in the company and the nature of the entities that own them, and the consequent distribution of powers within the Board of Directors, the right to vote, elect the executive management and take important decisions, including the use of conservative accounting policies. Accounting conservatism is considered one of the important decisions in the company and is considered. As one of the oversight tools that limit the opportunistic actions of management and work to protect and preserve the rights of minority shareholders, in addition to reducing political costs, limiting profit management, reducing the problem of conflict of interest, and working to achieve consensus among all stakeholders.

In addition, the ownership structure is considered one of the most important mechanisms of corporate governance that plays a vital role in improving the level of accounting conservatism in financial reports, and the level of accounting conservatism varies according to the nature of company ownership (Lafond & Roychowdhury, 2008, F. Song, 2015), Hamdan, 2017).

Despite the interest of the accounting literature at the theoretical level in the types of ownership structure and accounting conservatism, the linkage and the study of the interactive effect between them was not addressed directly in the Iraqi business environment. Also, the accounting literature at the applied level did not provide clear practical evidence about the nature of the relationship between the ownership structure accounting conservatism.

Hence, the main research problem emerges in what is the impact of the ownership structure on accounting conservatism?

Based on the foregoing, the main research objective of the study is to analyze the theoretical and practical direct effects of the different ownership structures on accounting conservatism.

Literature Review

1. Corporate Governance

The concept of corporate governance began in the seventies of the twentieth century with the emergence of cases of fraud and failure in financial reports, and interest in this concept increased further in the nineties as it played a major role in helping many Asian companies to rise from their slumps after the financial crisis in East Asian countries in 1999, Then interest in this concept developed further after the collapse of major international companies at the beginning of the twenty-first century, and these crises have raised many questions about administrative practices applied at the level of many companies and international and global banks, and these financial crises have led to the widening of the lack of Confidence in the financial and non-financial data found in the financial reports and statements that are prepared by these companies and banks, which resulted in increased interest in knowing what are the causes of these crises, and the extent to which solutions can be found (Zalewska, 2014, Sultan, 2016).

2. Ownership Structure

The proliferation of money companies has led to many companies no longer owning them to manage them, or part of the owners of the company manages the company while another part of the owner does not participate in the management. Therefore, the interests and interests of the management may conflict with the interests of the owners, or the interests of some of the owners who manage the company may conflict with the interests and interests of other owners, and as a result, the ownership structure can carry out the necessary control that it exercises as it plays an important role in reducing opportunistic behavior and strengthening corporate governance.

The ownership structure of companies is one of the oversight mechanisms, which works to activate the role of corporate governance, as the ownership structure of the company represents a fundamental factor, in terms of the companies' voluntary commitment to applying disclosure systems, and the increase in the number of independent

directors in the companies' boards of directors restricts the conflict of interests, and thus prevents increasing the cost of agency, exploiting shareholders, as well as increasing the degree of voluntary disclosure (Abu Hamid, 2022).

Accordingly, the ownership structure includes the following:

Managerial Ownership

Administrative ownership generally refers to the management's ownership of a part of the company's shares, and this guarantees them effective participation in the company's decisions. (Ruan et al., 2011) believes that administrative ownership or the so-called ownership of shares is the ratio of insiders' shares to shareholders' shares, where insiders are the company's executives and board of directors. The board of directors plays a significant and crucial role in defining the company's strategic goals, adopting strategies and laws that rule the workplace, and they are driven to grow the company's value and increase shareholder returns. The wealth of shareholders because it will increase their own wealth (Herdjiono & Sari, 2017).

(Teshima & Shuto, 2008, Chau & Gray, 2010) believe that there are two opposite effects of managerial ownership on management's motives for working in the interest of shareholders:

First Opinion: Alignment Effect

The agency theory claims that a high administrative ownership level motivates management to work harder to boost performance and results in agreement between managers and shareholders. Their preferences for carrying out management policies shift over time and are influenced by the level of corporate governance in the company; this helps to promote employee self-efficacy, optimism, and flexibility, which in turn helps to promote management attitudes that are more participatory and improve organizational efficiency (Denis & McConnell, 2003; Boek, 2015).

Second Opinion: Entrenchment Effect

Managerial ownership also has a detrimental impact on performance, in contrast to convergence of interests (Andow & David, 2016). When the shares of the managers increase, the immunization theory predicts that companies with high management ownership will have worse corporate performance and that the company's performance should decrease (Tanaka, 2016). When managerial ownership is strong, management becomes less subject to market discipline, which lowers the company's value. Because of their larger voting power, they will sway their opinions out of self-interest, which will harm the performance of the company (Fama & Jensen, 1983b, Chau & Gray, 2010).

Largest Shareholder

Managerial ownership also has a detrimental impact on performance, in contrast to convergence of interests (Andow & David, 2016). When the shares of the managers increase, the immunization theory predicts that companies with high management ownership will have worse corporate performance and that the company's performance should decrease (Tanaka, 2016). When managerial ownership is strong, management becomes less subject to market discipline, which lowers the company's value. Because of their larger voting power, they will sway their opinions out of self-interest, which will harm the performance of the company (Fama & Jensen, 1983b, Chau & Gray, 2010).

There are two opinions or points of view regarding the role that the major shareholders can play, namely: The first opinion is a positive effect in the case of concentration of ownership among the major shareholders. Management behavior in favor of company performance (Shleifer & Vishny, 1997).

The second opinion is a negative effect that major shareholders have access to private information of relative value through their roles as observers of corporate operations and they have the possibility of colluding with management to confiscate ownership of small shareholders, or the major shareholder agrees to leave the management alone, in return for buying back his shares at a premium. Therefore, the need for high-quality financial reporting and disclosure as a control tool appears to be less in companies with a large shareholder structure than in companies with a dispersed organizational structure (Armstrong et al., 2010).

Government Ownership

Government ownership is defined as the proportion of shares owned by the government without its direct participation in the management of the facility (Iskandar et al., 2012). Where the government can own percentages of ownership in companies, whether by contributing to the establishment of companies, through purchase, or by offering a certain part of the shares of a state-owned company for public subscription (Juhmani, 2013).

It can be shown that there are advantages and disadvantages to government ownership, which will be addressed as follows.

1. The Advantages of Government Ownership

The government owns and controls some private or partially listed enterprises as the bulk of government-controlled organizations listed on the stock market have been partially privatized from state-owned businesses. Le & Buck (2011) claim that governments may decide to engage in private businesses for political, economic, or social reasons in order to avoid their going bankrupt, develop key industries, manage unemployment and inflation, and provide social services. The result is, it is anticipated that the government will invest in private or publicly traded enterprises with an eye on promoting social welfare rather than maximizing profits (Shen & Lin, 2009).

2. The Disadvantages of Government Ownership

Government pressure on businesses to carry out government goals could come at the price of shareholder interests and profit maximization. Therefore, we see that the issue of agency between shareholders and powerful management is being addressed by independent managers. They are strongly motivated to keep an eye on management and to offer high-quality data that supports an efficient monitoring system. The independence of managers can, however, be weakened by government control. By governmental meddling in the choice of management (Al-Janadi et al., 2016).

Additional studies support research on government ownership and the value of European businesses during the global financial crisis (2008-2009). Governments readily expropriated the businesses they owned due to weak institutions and insufficient investor protection, governments easily expropriated the enterprises they owned. Government (Beuselinck et al., 2017). (Beuselinck et al., 2017).

Institutional Ownership

Institutional ownership is the control of a company's ownership by certain financial or investing institutions, such as (banks, insurance companies, investment funds). Because of this, institutional ownership is viewed as a significant factor in the capital markets and is growing quickly in developing nations. Due to qualities such institutions possess, such as shareholder concentration, independent corporate management, and lengthy investment horizons, these institutions are expected to supervise the managers and have higher control incentives. Prospects (Hartzel & Starks, 2003, Chen & Hsu, 2009). The shareholders of large institutions play an important role in corporate governance and institutional investors can access internal information in the company and rely on direct observation more than relying on accounting numbers (Prendergast, 2002).

Regarding the function of institutional ownership in the money market, there are two points of view. The initial viewpoint is to impose control, which entails enhancing and boosting the performance of the invested companies and encouraging the In order to prevent institutional mismanagement, the loss of investor protection systems, and rising privatization, institutional investors should take ownership through long-term investment plans, and investors can develop and strengthen the investment environment. Gaining from monitoring managers is made possible by long-term investment opportunities that allow investors to continue as shareholders. This concentration of shareholders also improves investors' power on managers and the benefits of monitoring them. Investors want to forge long-term business partnerships with the company since it allows them to continue having access to its managers directly and relies less on accounting information. (Ramalingegowda & Yu, 2012).

As for the second point of view: imposing speculation, which means that the negative observation point of view indicates that institutional investors act as short-sighted investors as a result of their dealings as traders and not as owners and their focus on the short-term time horizon, through their focus on maximizing the current profits of the company, where financial institutions are seen as institutions With short-term or temporary investments, as it seeks to form a portfolio of securities that includes owning small stakes in multiple companies that are frequently speculated upon based on short-term financial performance. This point of view seeks to favor short-term profits instead of long-term profits and improve corporate governance, i.e. there is no there is no strong relationship between company performance and corporate ownership (Victoravich et al., 2013).

Family Ownership

There are many definitions of family businesses, including those companies in which the difference in the minimum shares owned by the family owners ranges from at least 5% to more than 50% of the voting shares (Claessens et al., 2000). He believes that they are companies in which family members hold various positions on the board of directors, such as CEO, Chairman of the Board, or Honorary Chairman (Bennedsen & Nielsen, 2010).

Family businesses are distinguished by many advantages over other owned companies, represented in (Smith & Amoako-Adu, 1999) (Katou et al., 2010)) (Mirza et al., 2014) (Puspitaningrum & Atmini, 2012), quoted from (Al-Namaky, 2020):

1. Family links also foster "feelings of co-ownership" through strong relationships and private communication between family members. Family ties, affection, and loyalty expand the perspective of family managers in their businesses.
2. The information gap between the family (managers) and their decision-making agents is possibly reduced by family members having experience or knowledge specific to their business that is linked to their long-term relationship with the managers and is passed between family members, enabling the family to effectively control and discipline the agents.
3. Effective oversight of the management by the owners and their interest in the company's reputation and its continuity.
4. According to the agency hypothesis, there will be a favorable correlation between the management of the family and the company's value. Therefore, the lack of agency problems between the owners and the management due to the presence of the family in the management, which causes a convergence of interests between the management and the senior owners.

On the other hand, there are some negatives associated with family ownership, as follows (Hope et al., 2012) (Mehrotra et al., 2013) (Bodnaruk et al., 2017) (Guillaume, 2018).

- 1) Because family ownership is concerned with survival and succession more than its interest in growth and innovation, this leads to the dominance of poor performance in these companies.
- 2) The interest of family ownership in its own wealth was reflected in the expansion plans of the capital of these companies, and in turn affected the poor operational performance as well as the change in share prices.
- 3) Because of the dominance of shareholders in family-owned companies, managers are pushed to act in the interests of the controlling family rather than other shareholders.
- 4) Exacerbation of agency problems between small and large owners as a result of family members taking over most of the leadership positions in the company and thus controlling all the company's affairs for their own benefit.

3. The Concept of Accounting Conservatism

Accounting conservatism is considered one of the oldest principles recognized when preparing financial reports, despite the criticism leveled at it by the capital market regulators, and by the preparers and setters of accounting standards. Practical studies have shown that accounting practices have become more conservative in recent years, especially after the occurrence of a series of The financial setbacks that began to appear in succession since the beginning of the twenty-first century, and after the adoption of the Sarbanes-Oxley Act, led to a steady increase in the direction of accounting policies towards conservatism, to the recognition of the positive side and the effective role of accounting conservatism (Nobes & Stadler, 2015).

Accounting conservatism is also the most important pillar of accounting practice, especially in cases of choosing between a group of alternatives, and choosing the alternative that is consistent with accounting conservatism (Abu Ela, 2018).

The International Financial Reporting Standards Council (IFRS) defined in 2004 accounting conservatism as "the ability to influence the state of certainty associated with recognized and measured elements in the financial statements, and the state of uncertainty conditions are dealt with in part through disclosure and in Another part is through prudent practices in preparing financial statements, and what is meant by caution is a degree of wisdom in conducting the practices and judgments that you need to reach the various assessments under conditions of uncertainty, such as not exaggerating the value of assets and income and not underestimating the value of expenses and liabilities" (Khalil & Al-Azzani, 2017).

(Watts, 2003) believes that accounting conservatism is intended to require a higher degree of verification for the recognition of unpleasant news than for the recognition of good news, where unpleasant news is reflected in profits faster than good news, and that this difference in requesting degrees of verification stems from the established rule that requires Do not expect any profits, but losses are expected.

(Beaver & Ryan, (2005) believes that accounting conservatism indicates that there is goodwill for the establishment that is not registered, as the accountant reports on reducing the book value of the assets compared to their market value.

As for Lafond & Roychowdhury, (2008), he defined accounting conservatism: that it is the recognition of losses that can be expected without recognizing the expected profits, and the recognition of the minimum values of assets as a result of using stricter criteria when recognizing profits.

Whereas, (Ruch & Taylor, (2015) defines accounting conservatism as adopting accounting policies or tendencies that result in a bias in a decrease in the accounting values of net assets compared to their economic value.

As for (Kim & Zhang, 2016), accounting conservatism was defined as the degree of caution and caution when exercising the estimates needed by the establishment in making the required estimate in light of cases of uncertainty, which require estimating assets and profits as little as possible and estimating liabilities and liabilities as much as possible.

Ahmed, (2021) defined accounting conservatism as “management of the future outlook of the enterprise when developing plans or choosing between available policies or alternatives, and prudence when facing undesirable economic conditions, with the intent of not exaggerating the reduction of assets or income or evaluating liabilities or expenses.”

4. Measuring Accounting Conservatism

A merit-based scale was proposed by Givoly & Hayn (2000) and is generally used to measure the degree of unconditional reticence (Asgari & Behpour, 2014; Yuniarsih, 2018).

(Givoly & Hayn, (2000) measures accounting conservatism through the level and rate of accumulation over time for negative non-operating receivables, and non-operating receivables is the total accrual minus operating receivables and as in the following equations.

Total receivables before depreciation = net income + depreciation - cash flows from operating activities

Operating accruals = Δ Account Receivable + Δ Inventory + Δ Prepaid Expenses – Δ Account Payables – Δ Taxes Due.

Non-operating receivables = total receivables - receivables from operating activities.

It turns out that non-operating receivables arise from losses, bad debts, restructuring, the effect of a change in estimates, gains and losses on the sale of assets, and expenses for depreciation of assets. The negative value of non-operating receivables indicates an accounting reservation in the company's financial statements (Al-Mashhadani & Hamid, 2014).

However, the accruals model was developed by (Xu et al., 2012) based on the idea that accounting conservatism results in cumulative negative accruals in the long term. They presented the following model:

$$\text{CONACC} = (\text{NIO} + \text{DEP} - \text{CFO}) * -1 / \text{TA}$$

Whereas :-

CONACC = degree of accounting conservatism

NIO = operating profit

DEP = Depreciation of fixed assets

CFO = cash flow from operating activities

TA = Total Assets at the end of the period

In this regard, a study (Xie et al., 2015) showed that aggregate accruals generally refer to practices of accounting conservatism without distinguishing it from conditional and unconditional conservatism. Last in, first out in inventory valuation. Accordingly, total accruals and non-operating accruals have been widely used as a measure of the general level of accounting conservatism (Ahmed & Duellman, 2013; Bornemann, 2018).

5. Ownership Structure and Accounting Conservatism

The importance of the relationship between corporate governance and accounting conservatism is represented by the importance of the role of each of them in the contracts concluded by the company with other parties. The intensity of the agency problems associated with the separation of ownership, management and control within the company, and among these contracts is the contract concluded between the shareholders and the company's board of directors as agents for the owners and shareholders and they were employed to work on managing the company on behalf of these owners, and given that the board of directors may work to maximize Their own wealth instead of the shareholder's wealth has put in place a set of mechanisms that help mitigate this problem is motivating them to be keen to fulfill all the obligations and contracts owed by the company in order to increase their share in bonuses and profits, as well as reduce some administrative and legal expenses to facilitate the organization of contracting operations (Khalil & Alazani, 2017).

The goal of companies adopting strong governance mechanisms is to mitigate these conflicts. Studies have shown that companies that have better characteristics of governance structures demand the highest quality of financial reporting represented by accounting conservatism, as conservative practices have a major role in mitigating agency problems by recognizing bad news. Earlier compared to the good news, and this is reflected in showing the net income and financial position of the company at a lower than its real values at the present time, but these practices have positive repercussions in the future, and this is what creditors and shareholders demand (Al-Mousawi, 2016).

On the other hand, a study (Mohammed et al., 2017a) indicated the intervention of the Malaysian government by banning the reporting of losses during periods of economic recession, and the delay in disclosing losses is one of the practices of low accounting conservatism in financial reports. This study is evidence of the focus of the resource dependence theory on the role played by managers in providing the company's basic resources through political links with the external environment, which puts the company in a good competitive position, but the links may leave an impact on the level of accounting conservatism.

The study (Yin et al., 2020) finds an inverse relationship between members of the board of directors with executive managers and the level of accounting conservatism and leads to a decrease in the level of effectiveness of the control function in the board of directors and encourages management to adopt less conservative accounting policies in order to achieve personal interests, as well as It reduces the independence of the board of directors and increases the support of management, which affects the strategic decisions that are taken.

In another research track, he indicated that small companies do not have the ability to develop their own governance mechanisms, so they must be more conservative, which indicates that accounting conservative practices and corporate governance are alternatives used to reduce agency problems and discrepancies in accounting information. The study indicated that the demand for accounting conservatism is an economic demand when there is a weak governance structure, which confirms that governance and conservatism play a reciprocal role (Chi et al., 2007).

There is no statistically significant effect of ownership structure on accounting conservatism. The following sub-hypotheses are derived from it:

H1: There is no statistically significant effect between administrative ownership and accounting conservatism.

H2: "There is no statistically significant effect between the ownership of major shareholders and accounting conservatism."

H3: There is no statistically significant effect between government ownership and accounting conservatism.

H4: "There is no statistically significant effect between institutional ownership and accounting conservatism."

H5: There is no statistically significant effect between family ownership and accounting conservatism.

Research Methodology

Twenty companies made up the research sample, which included five years' worth of data from the following industries: communications (1), services (4), agriculture (2), industry (8), and hotels (5). The Iraq Stock Exchange's listed companies make up the research community. Between 2015 and 2019, when there were 100 study observations, the data were analyzed and the hypotheses were tested using three statistical tools: SPSS, Eviews, and Amos, were used to analyze the data and test the hypotheses from 2015 to 2019, when there were 100 research observations.

Search Results

Linear Interference (Coupling) Test

Through the multicollinearity test, also known as the Diagnostics, the researcher ensured that there was no issue with linear correlation (duplication) in the data of the variables used in the research before undertaking the analysis of hypothesis testing. Two indicators serve as a guide for the collinearity scale: a measure of inflationary variation (VIF) Variation in Factor Inflation Tolerance.

The ownership structure has no statistically significant impact on accounting conservatism, according to the first hypothesis.

The following "linear regression" model was developed to test this hypothesis:

Where:-

= errors of estimation.

= When the values of the independent and control variables are equal to zero, the constant of the regression equation, which reflects the value of the dependent variable, is equal to zero.

= slope of the regression equation, used to measure the type and amount of influence of the independent variable on the dependent variable.

And using the SPSS statistical program, the results were as follows:

Schedule 1: Summary of the First Main Hypothesis Test Form

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.513 ^a	.263	.255	.877841
a. Predictors: (Constant), OS				
b. Dependent Variable: Con				

The "explanative power" of the model in use is demonstrated by the values of the correlation (R) between the variables, which was 0.513, and the determination coefficient R Square, which was 0.263. In other words, the dependent variable's value is explained by the ownership structure variable by 26.3%. Accounting conservatism and the estimation error standard deviation both came in at 0.8778410, which is a small value; the lower the estimation error, the better it is statistically.

Schedule 2: Variation Testing the First Main Hypothesis

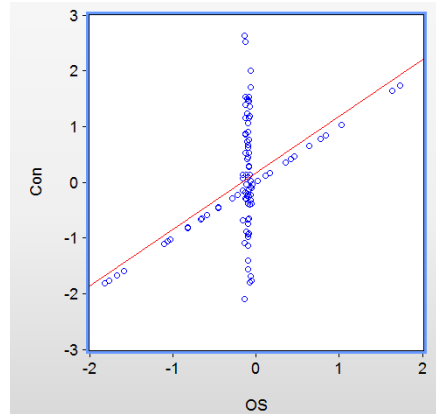
ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.950	1	26.950	34.972	.000
	Residual	75.519	98	.771		
	Total	102.469	99			

The statistical model is appropriate because Table No. 2 shows that the above variance is anova, that the calculated value of F was 34.972, greater than its tabular value calculated according to degrees of freedom df (98.1), amounting to 3.95 at the 5% level of significance, and that the significance level of the Sig test was 0.000, less than the value of the accepted error in social sciences, which is predetermined by 0.05, and this demonstrates the suitability of the statistical model.

Table 3: The Regression Function Coefficients for the First Main Hypothesis

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1	(Constant)	.167			
	OS	1.016	.513	5.914	.000

The coefficients of the regression function are shown in Table No. 3; the constant and slope values are 0.167 and 1.016, respectively. These values demonstrate the influence of the independent variable on the dependent variable (through coefficient B), and a positive value of the coefficient denotes a direct relationship between the two dependent variables. And the independent or, to put it another way, just as any increase in the ownership structure, an independent variable, by one degree causes an increase in accounting conservatism, a dependent variable, by 101.6%, with all other independent variables remaining constant. The increasing trend of the curve in the accompanying figure demonstrates the two variables' direct correlation.



Form 1: The Relationship between Ownership Structure and Accounting Conservatism

Additionally, Table No. 1 shows that the OS variable's T value was 5.914 with a significant level of 0.000, which is less than the previously established 0.05 accepted error level in social sciences.

In light of the obtained results, the regression equation that was used to test the hypothesis can be rewritten and used to the task of prediction in the following manner:

The accuracy of the preceding regression equation is demonstrated by the histogram in the accompanying picture, which displays the normal distribution of the statistical residuals of the regression equation.

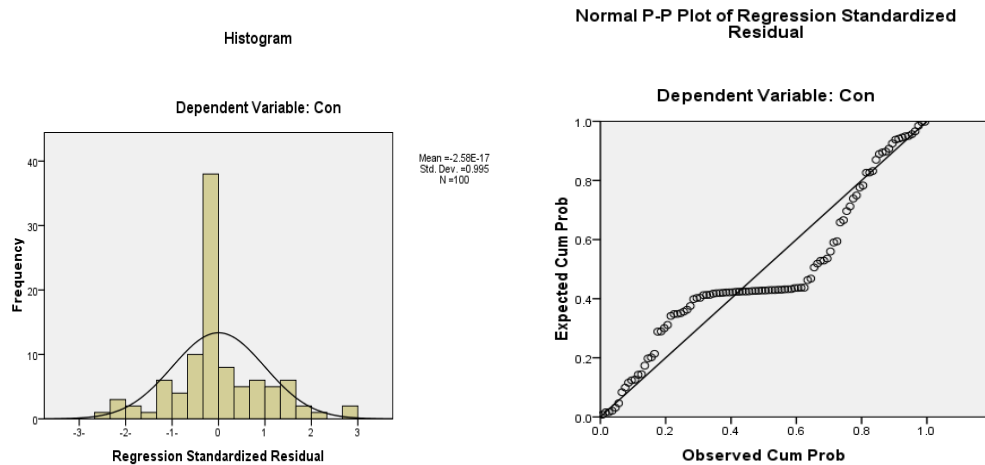


Figure 2: Frequency Histograms and Normal Distribution of Residuals of the First Main Hypothesis

The first alternative hypothesis states that there is no statistically significant relationship between administrative ownership and accounting conservatism.

The following "linear regression" model was developed to test this hypothesis:

And the outcomes using the statistical application SPSS were as follows:

Table 4: Results of Testing the First Sub-hypothesis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.215 ^a	.046	.036	.998726		
Model	Sum of Squares		Df	Mean Square	F	Sig.
	Regression	4.718	1	4.718	4.730	.032 ^a
	Residual	97.750	98	.997		
	Total	102.469	99			
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
(Constant)		.057	.101		.566	.573
MO		.242	.111	.215	2.175	.032

According to Table No. 4, The R Square coefficient of determination was 0.215, and the correlation (R) value between the variables, which measures the "explanatory power" of the model employed, was 0.045. The table also shows that the calculated F value was 4.730, which is greater than its value, meaning that the variable of administrative ownership explains 4.5% of the variable accounting conservatism and the remaining 75% is due to Other factors. The standard deviation of the estimate's standard error was.9987260, which is a small value; statistically speaking, the lesser the error, the better. The tabularity was calculated to be 3.95 according to the degrees of freedom df (98.1), and the level of significance of the Sig test was calculated to be 0.032. This value is less than the predetermined acceptable error value in social sciences by 0.05, demonstrating the suitability of the statistical model used to test the premise.

The table also shows that the slope of the regression equation, which measures the impact of the independent variable on the dependent variable, was equal to 0.242. (by coefficient B). The positive value of the coefficient indicates a direct correlation between the dependent and independent variables, which means that increasing the independent variable (administrative ownership) by one degree causes the dependent variable to increase by 24.2%. (accounting conservatism) the estimated T value was 2.175, its level of significance had reached 0.032, which is less than 0.05, and the stability of all other variables outside the purview of the current study, the research hypothesis is rejected. Nihilism and belief in the contrarian theory, that is, there is a statistically significant effect of administrative ownership in accounting conservatism, as the study agrees with what was stated by (Mustapha & Ahmad, 2011 (Li et al., 2014), (Mohammed et al., 2017)

The second sub-hypothesis "There is no statistically significant effect between the ownership of major shareholders and accounting conservatism".

To test this hypothesis, the following "linear regression" model was formulated:

And using the SPSS statistical program, the results were as follows:

Table 5: The Results of Testing the Second Sub-hypothesis

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.188 ^a	.035	.026		1.004305		
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	3.623	1	3.623	3.592	.061 ^a	
	Residual	98.846	98	1.009			
	Total	102.469	99				
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	.040	.101		.393	.695	
	MSO	.191	.101	.188	1.895	.061	

According to Table No. 5, the R Square coefficient of determination was 0.188, and the correlation (R) between the variables, a measure of a model's "explanatory power," was 0.035. In other words, the variable of large shareholder ownership accounts for 3.5% of the variable accounting conservatism and the remainder. The determined F value was 3.592, and the table also shows 1.004305, which is a low figure, and the lower this type of error, the better it is statistically, was the standard deviation of the Std. Error of the Estimate, Given that the table also reveals that the calculated F value was 3.592, lower than its tabular value of 3.95 at the 5% level of significance and calculated using the degrees of freedom df (98.1), and that The Sig test's level of significance was 0.061, which is higher than the specified 0.05 value of the tolerated error in social sciences. A statistically significant ownership effect of major shareholders in accounting conservatism, and the researcher believes that the research results are consistent with the results of (Song, 2015), (Alkurdi et al., 2017).

The table also shows that the coefficient B, which indicates the influence of the independent variable on the dependent variable, was equal to 0.242, and that the slope of the regression equation was likewise equal to 0.242. The dependent and independent variables are directly related when the coefficient is positive, therefore a rise in the independent variable will result in an increase in the dependent variable. (Ownership is a major contributor) Increasing the independent variable (accounting conservatism) by one degree results in a 24.2% increase in the dependent variable (accounting conservatism), with all other factors remaining constant outside the purview of the current study.

The third sub-hypothesis "There is no statistically significant effect between government ownership and accounting conservatism".

To test this hypothesis, the following "linear regression" model was formulated:

And using the SPSS statistical program, the results were as follows:

Schedule 6: Results of Testing the Third Sub-hypothesis

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.382 ^a	.146	.137		.944972	
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.958	1	14.958	16.750	.000 ^a
	Residual	87.511	98	.893		
	Total	102.469	99			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.068	.095		.716	.476
	GO	.376	.092	.382	4.093	.000

According to Table No. 6, the R Square coefficient of determination was 0.382, and the correlation (R) value between the variables was 0.382, which measures the "explanatory power" of the model employed, was 0.146. Accordingly, the standard deviation of the standard error of the estimate was, and the government ownership variable accounted for 14.6% of the variable accounting conservatism. 9449720, which is a low figure since statistically speaking, the smaller the type of error, the better it is, and the table also demonstrates that the computed F value was 16.750, which is higher than its value. The statistical model that was used to test the premise was appropriate the statistical model that was used to test the premise is appropriate, as shown by the tabularity calculated according to the degrees of freedom df (98.1) amounting to 3.95 at the level of significance of 5% and the level of significance of the Sig test amounting to 0.000, which is less than the value of the accepted error in social sciences that was previously determined by 0.05.

The table also reveals that the slope of the regression equation was 0.376, indicating that the independent variable had an impact on the dependent variable (by coefficient B). The positive value of the coefficient also denotes a direct relationship between the independent and dependent variables, meaning that an increase of one degree in the independent variable (government ownership) would result in an increase of 37.6%. in the dependent variable (accounting conservatism) with the stability of all other variables not included in the current study, and the computed T value was 4.093 at a significant level of 0.000, which is less than 0.05, therefore the hypothesis is rejected. The pursuit of nihilism and acceptance of the competing theory, there is a statistically significant effect of government ownership in accounting conservatism, and the researcher believes that the results of the test were consistent with (Ruch & Taylor, 2015), (Mohammed et al., 2017b) and inconsistent with the study (Liu, 2019).

The fourth sub-hypothesis "There is no statistically significant effect between institutional ownership and accounting conservatism".

To test this hypothesis, the following "linear regression" model was formulated:

And using the SPSS statistical program, the results were as follows:

Schedule 7: Results of Testing the Fourth Sub-hypothesis

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.514 ^a	.264	.257		.877024	
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.090	1	27.090	35.220	.000 ^a
	Residual	75.379	98	.769		
	Total	102.469	99			
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.167	.091		1.836	.069
	IO	1.019	.172	.514	5.935	.000

According to Table No. 7, The R Square coefficient of determination was 0.514, and the correlation (R) value between the variables, which measures the "explanatory power" of the model employed, was 0.264. In other words,

institutional ownership accounts for 26.4% of the variable accounting conservatism, with other factors accounting for the remainder. Additionally, the Std. Error of the Estimate's standard deviation was. 877024, This is a small number, and statistically speaking, the less the mistake, the better. The table also demonstrates that the calculated F value was 35.220, which is higher than its value. The degrees of freedom (df) (98.1) tabularity calculation at the level of significance of 5% and the level of significance of the Sig test (0.000) demonstrate that the statistical model that was employed to test the hypothesis was adequate. This shows that the statistical model used to test the hypothesis is appropriate because it is smaller than the accepted error in the social sciences, which was previously set at 0.05.

The table also reveals that the slope of the regression equation was equal to 1.019, indicating that the independent variable had an impact on the dependent variable (by coefficient B). A positive value of the coefficient denotes a direct relationship between the independent and dependent variables, meaning that any rise in the independent variable would have an impact on the dependent variable (institutional ownership) one degree more, With the stability of all other variables outside the scope of the current study, it results in an increase of 101.9% in the dependent variable (accounting conservatism), and because the calculated T value was 5.935 and its level of significance had reached 0.000, which is less than 0.05, the null hypothesis is rejected and accepted. The competing theory, that is, there is a statistically significant effect of institutional ownership on accounting conservatism, and the researcher believes that the results of the test were identical to each of (Majeed et al., 2017), (Alkurdi et al., 2017).

Fifth sub-hypothesis: "There is no statistically significant effect between family ownership and accounting conservatism."

To test this hypothesis, the following "linear regression" model was formulated:

And using the SPSS statistical program, the results were as follows:

Table 8: Results of Testing the Fifth Sub-hypothesis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.225 ^a	.051	.041	.996366		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.180	1	5.180	5.218	.025 ^a
	Residual	97.289	98	.993		
	Total	102.469	99			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.033	.100		.331	.741
	FO	.213	.093	.225	2.284	.025

According to Table No. (8), R, the coefficient of determination (R Square), and the correlation (R) between the variables were both 0.225 measures a model's "explanatory power," was 0.051. In other words, the family ownership variable accounts for 5.1% of the accounting conservatism variable, with the remaining portions being explained by various other variables. Additionally, the estimate's standard deviation was.996366, which is a little number, and statistically speaking, the less this type of error is, the better. The table demonstrates that the computed value of F was 5.218, which is higher than its calculated tabular value. The degrees of freedom df (98.1), which equal 3.95 at the level of significance of 5%, and the level of significance of the Sig test, which was equal to 0.025, show that the statistical model used to test the hypothesis was suitable. This value shows that the statistical model used to test the hypothesis is appropriate because it is 0.05 less than the preset value of the accepted error in social sciences.

The table also shows that the slope of the regression equation, which represents the effect of the independent variable on the dependent variable, was 0.213. (by coefficient B). The dependent variable will rise proportionately to any increase in the independent variable if the coefficient is positive, indicating a direct link between the independent and dependent variables. (family ownership) By a single degree, it causes the dependent variable (accounting conservatism) to rise by 21.3%, assuming that all other factors beyond the purview of the current study remain stable. The alternative indicates that family ownership has a statistically significant impact on accounting conservatism, and the researcher believes that the results of the test were identical to the study of each of (Pothof, 2011), (Bouzgarrou & Navatte, 2013), (S. Chen et al., 2014).

Conclusions

1. Corporate governance mechanisms, whether internal or external, seek to monitor management actions and ensure their efficiency and integrity, and work to limit opportunistic behavior that arises in light of information asymmetry between management and the owner.
2. One of the key corporate governance processes and the primary factor influencing the effectiveness of corporate governance and the decisions made by the organization is the ownership structure.
3. The accounting conservatism occupied an important part of the interests of researchers and those interested in accounting and financial statements, whose opinions unanimously agreed on its importance in facing cases of uncertainty and asymmetry of accounting information between management and other parties with interests.
4. The results of the analysis of the financial reports of the research sample companies reveal that there are discrepancies in the percentages of ownership structure and weak disclosure in many companies about shareholder ownership percentages.
5. The majority of the companies listed in the Iraq Stock Exchange, the research sample, practice accounting conservatism, as there is a discrepancy in the degree of accounting conservatism between economic sectors, and this practice is attributed to the fact that accounting conservatism is one of the effective mechanisms in organizing the company's contracts with various other parties, whether they are from within Or outside the company, as well as avoiding exposure to the risks of litigation if the financial performance is exaggerated and the taxes borne by the company are reduced.

Recommendations

1. Urging Iraqi companies to adhere to a better application of corporate governance mechanisms that contribute to reducing financial and administrative corruption and increase the level of transparency and quality of disclosure in the Iraqi environment.
2. Reconsidering the laws and instructions related to the accounting information system to contribute to the activation and application of governance mechanisms in Iraqi companies, and paying attention to its role in reducing the asymmetry of information for those companies, which helps different approaches to benefit from it.
3. The need for the supervisory authorities responsible for the financial markets to organize courses and seminars to educate investors and company managements about the importance of governance and how to strengthen its mechanisms, since the benefit derived from it is in the interest of all parties dealing with the company.
4. Activating the role of the Iraq Market for Securities Commission to follow up on the companies whose shares are listed in the market by disclosing the identity of the shareholders who own more than 5% of the total shares of those companies according to their ownership percentages, with the requirement to disclose their nationalities and the relationship between them and the percentages of ownership of the members of the Council. Management and executives, and take effective and stricter measures to ensure disclosure of this.
5. Directing the attention of the companies whose shares are listed on the Iraq Stock Exchange in general to continue practicing conservative accounting policies that are acceptable because of their effective impact in reducing the exaggeration of the values of assets and gains and protecting investors, provided that this is not understood as a call for excessive practice, but guidance for its application to take decisions and not allow misleading users.

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