

Impact of Corporate Governance in the Application of the Financial Standard for Sustainability Accounting FNO 101

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P: ISSN : 1813-6729

E : ISSN : 2707-1359

<https://doi.org/10.31272/jae.i142.1043>

مقبول للنشر بتاريخ: 2023/8/27

تاريخ أستلام البحث : 2023/6/19

Abstract

The study aims to investigate the impact of corporate governance in the application of the financial standard for sustainability accounting FNO 101 . To achieve this aim , the study follows the descriptive analytical approach using the statistical package for social sciences (SPSS) in analyzing data and testing hypotheses . A questionnaire was determined and distributed for 30 practitioners of which 28 were valid for analysis . The most important conclusions were that governance mechanisms contribute to improving financial performance , which improves the quality of financial reporting to enhance confidence in financial statements through the application of governance indicators according to (GRI) standards . In addition, the application of the financial standard for sustainability accounting FNO 101 contributes to improving the financial performance of commercial banks listed on the Iraq Stock Exchange . One of the most important recommendations was the need for the economic entity to adhere to the application of governance rules and the application of the financial standard for sustainability accounting FNO 101 and to deepen and develop concepts , by holding specialized training courses for their employees , and to increase the level of disclosure and transparency in financial reports , and to make them available to all stakeholders to give shareholders and investors security for their money invested in this entity work to disseminate the concept and culture of governance and the financial standard for sustainability accounting FNO 101 in a wider way to all relevant parties, and to issue bulletins and instructions that reflect their concepts and applications .

Keyword : Corporate governance , the financial standard for sustainability accounting FNO 101 .



مجلة الإدارة والاقتصاد
مجلة 49 العدد 142 / آذار / 2024
الصفحات : 222 - 239

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1. Introduction

Given the increasing interest in the concept of corporate governance from researchers and organizations, it was necessary to pay attention to its mechanisms, as it represents a set of mechanisms that aim to reduce the severity of the conflict of interests between management, shareholders and other stakeholders. Thus, protecting their rights by motivating managers towards maximizing the value of the economic entity and improving its financial performance. The American Financial Accounting Standards Board (FASB) indicated that the appropriate accounting information affects the behavior of the decision-maker at the appropriate time, and enables him to predict future expectations. So, Sustainability accounting is a tool used by economic entities to become more sustainable by adopting new policies related to environmental, social and economic indicators. The financial standard for sustainability accounting FNO 101 includes issues related to the commercial banking sector including deposits and provides loans to individuals, companies, and other projects within and beyond, the country's borders, that integrate environmental, social and governance (ESG) risk factors into credit risk analysis.

Thus, the research seeks to answer the following question: "Is there an effect of corporate governance mechanisms in applying the financial sustainability accounting standard FNO 101 to improve the financial performance of commercial listed banks?"

The study aims to investigate the impact of corporate governance in the application of the financial standard for sustainability accounting FNO 101.

The basic hypothesis of the research can be determined by the following formula: "There is a significant effect of the mechanisms of corporate governance in the application of the financial standard for sustainability accounting FNO 101 in improving the financial performance of commercial banks listed in the Iraq Stock Exchange".

The importance of the research is highlighted by showing the importance of the commitment of the economic entity to apply the governance system in the contemporary economic environment, because of the benefits that accrue to them. The investor has to finance it, as it gains investor confidence and competitive advantage more than those that do not require the application of the governance system, as well as highlighting the role provided by the financial standard for sustainability accounting FNO 101 as one of the sources of the continuity of the life of the economic entity and how to invest the economic resources available to it.

The research relied on the deductive method to study and extrapolate some literature and previous studies related to the subject, as well as using the inductive method, to describe, interpret and analyze the results to test its hypothesis and verify the results of the test. The process of collecting data and information necessary to complete the research is represented in two main aspects:

A: Theoretical side: The research relied on the theoretical side of what is available from Arab and foreign sources and literature such as books, periodicals, research, university theses, and published studies on the international information network.

B: The applied side: The questionnaire was relied upon, represented by the questionnaire of the accounting staff in the accounting banks listed in the Iraq Stock

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Exchange, as a basic method of collecting data and information required to complete the research.

The research community is represented in the commercial banks listed in the Iraq Stock Exchange, and due to the size of the community, and the difficulty of reaching the members of the community, a random sample was selected in the local environment, and the number of distributed questionnaires was (30) questionnaires retrieved, and valid for analysis is (28) questionnaire.

The Statistical Packages for Social Sciences (SPSS) program was used, **and the following methods were used:**

- A- Frequencies and percentages, to identify the demographic characteristics of the research sample.
- B- The arithmetic mean, to find out the extent of the high or low responses of the research sample individuals for each of the phrases of the basic variables of the study, and the phrases have been arranged according to the highest arithmetic mean.
- C- Simple Linear Regression: It is a mathematical measure to estimate the relationship between the dependent and independent variables.

2. literature review

Many studies have dealt with the topic of corporate governance and sustainability topics including the Study (Rizka, 2023) Who in Them Impact of Sustainability Corporate Governance on Corporate Environmental Disclosure) So it's aimed to assess the impact of chief sustainability officers (CSOs) and environmental committees (ECs) on corporate environmental disclosure (CED) in companies operating in the mineral and coal industry. This study included 75 of the aforementioned companies listed on the Indonesia Stock Exchange between 2015 and 2019. The most important conclusions were that corporate governance depends on the legal and regulatory environment in addition to other factors such as business ethics and social responsibility based on the prevailing cultural principles in the society in which the organization operates. The most important recommendation was the need to focus on corporate environmental disclosure (CED) in sustainability reports that are still rare among Indonesian business companies, especially those operating in the mineral and coal industry, using indicators of company size, financial leverage and return on assets.

As well a Study (Samir, 2020) Who ate Impact of Corporate Governance in Supporting the Disclosure of Sustainability Information and Its Reflection on Financial Performance - An Experimental Study in the Iraqi Environment Using DEA Data Envelope Analysis, So it's aimed to know the extent of the impact of corporate governance represented by its internal mechanisms represented by the size of the board, the independence of the board, the duplication of the executive director, the audit committee, in disclosing sustainability information, and its reflection in the financial performance. Iraqi securities of Iraqi banks were listed for the period from 2014-2018, to collect primary data to measure the three study variables. Correlation and regression models were used to examine the relationship and influence between these variables. The most important conclusions were the disclosure of sustainability information in its three dimensions (economic, social, and environmental).) One of

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the most important topics that have received global attention during the past few periods, in light of the insufficient financial information that is not necessary for a comprehensive judgment on the performance of the economic entity. Holding seminars and scientific conferences is a pressure force on economic entities to pay more attention to sustainability and the procedures for disclosing sustainability reports.

and study (Al-Mamouri, 2020) Who in the Impact of Governance Applications and Sustainability Accounting Standards and Their Role in Improving Performance and Financial Reporting to Enhance Confidence in Financial Statements" So it's aimed to know the effect of governance applications and sustainability accounting standards through analyzing the annual financial reports of Iraqi companies. The Arab countries listed on the financial market and the extent of the commitment of the research sample companies, in applying governance indicators, according to (GRI) standards and sustainability accounting standards in improving performance and financial reporting to enhance confidence in the financial statements. The results of the analytical research of the annual financial reports showed that the commitment of companies in the transport sector is among Sectors (research sample) in the application of governance indicators according to (GRI) standards. The most important conclusions were that governance applications contribute to improving performance and financial reporting to enhance confidence in financial statements through the application of governance indicators according to (GRI) standards. The most important recommendations were the need to adhere to the application of corporate governance standards and rules because of their common importance with sustainability accounting standards represented in transparency, integrity, justice, equality, and others.

The study (Al-Ibrahimi, 2018) referred to the quantitative measure (FN0101-15), which provides for a discussion of how to integrate environmental, social and governance factors around the set of activities and operations carried out by banks to make decisions related to loans and project financing.

Either Study (Ong & Djajadikerta, 2017) Who in the Impact of Corporate Governance on Sustainability Reporting: Empirical study in the Australian resources industry, So it aims to demonstrate the impact of corporate governance on sustainability reports by investigating companies operating in the Australian resource industry. Independent board of directors, multiple board memberships, and directors. The most important conclusions were the existence of a positive correlation between the disclosure of sustainability and the percentage of independent members of the Board of Directors and the membership of the Board of Directors, and the most important recommendations were the need to disclose sustainability through the financial reports of the economic entity.

in their study (Jayakumar & et al, 2017: 3) confirmed that the purpose of sustainability is not only to achieve wealth for the company but rather to achieve its duties towards social, environmental and economic activities in general. Therefore, **companies have three conditions that should be met, which are:**

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- A- Companies should solve problems related to social and environmental activities imposed by government authorities, as well as voluntary work to serve the community and protect the environment.
- B- The companies, through the activities they perform, create a positive value that contributes to increasing the economic value of the country through the companies' success in reducing costs, increasing sales value, competitiveness, increasing profits, preserving customers and the company's reputation.
- C- Companies should provide evidence that any administrative activity leads to achieving positive or negative impacts, whether on the economic, social or environmental level.

Corporate Governance and the Financial Standard for Sustainability Accounting FNO 101 - A Conceptual Introduction

1. Corporate Governance

The concept of corporate governance

The emergence of the agency theory and its related shedding light on the problems that arise as a result of the conflict of interests between the members of the boards of directors of the economic entity and the shareholders has led to an increase in interest and thinking about the need for a set of laws and regulations that work to protect the interests of shareholders, and reduce the financial and administrative manipulation that it may be done by members of the board of directors to maximize their interests, as the party that holds the reins within the economic entities, and in 1976 (Jensen & Meckling) paid attention to the concept of corporate governance and highlighted its importance in reducing or reducing the problems that may arise from the separation between ownership and management, which was represented by the theory of agency (Fatoush, 2015: 4) .

Corporate governance has been defined by the positive interaction between laws, regulations, instructions, and procedures, and the role of the auditor with the administration and the official authorities appointed to supervise it and its various control tools to achieve the interaction that contributes to the success of the company (Al-Fatlawi, 2011: 78)

Objectives of corporate governance

Corporate governance aims to control and direct administrative, financial, and technical practices and to respect drawn controls and policies because governance includes the proper practice of rules and works to attract investments, increase competitiveness, and fight corruption in all its forms, whether administrative, financial (Awja,2021: 54).

Mechanisms of corporate governance

Mechanisms mean corporate governance as defined by (Al-Tamimi) as "the methods and methods that are used to deal with agency problems that arise between management and shareholders and between minority shareholders and the majority who are in control" (Al-Jajawi and Al-Zarfi, 2018: 44), and it can be said that there is almost unanimity among the writers and researchers in the field of corporate governance to classify the mechanisms of corporate governance into two categories:

- A- The internal mechanisms: These include: the Board of Directors, Audit Committee, Compensation Committee, Appointment Committee, and Internal Audit.

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B- External mechanisms: - It includes Market competition, Mergers and IPOs, Legislation and laws, External review, Financial Analysts, and International organizations.

Principles of Corporate Governance issued by the Organization for Economic Cooperation and Development

The Organization for Economic Co-operation and Development (OECD) issued five principles in 1999, which until now are considered the basis for the application of corporate governance, which included many important amendments that were issued after many intensive consultations, then it added a sixth principle in 2004, **which is as follows (Atta, 2021: 40):-**

A- Ensuring that there is a basis for an effective corporate governance framework: The corporate governance framework should include both the promotion of transparency, and it should be consistent with the provisions of the law, and it should formulate the division of responsibilities among the markets and the efficiency of the various supervisory, regulatory and executive authorities.

B- Preserving the rights of all shareholders: This includes the transfer of ownership of shares, selection of the board of directors, obtaining a return on profits, reviewing the financial statements, and the right of shareholders to actively participate in the meetings of the General Assembly.

C- Equal treatment among all shareholders: It means equality between shareholders within each category, their right to defend their legal rights, and to vote in the General Assembly on basic decisions, as well as their protection from any questionable acquisitions and mergers, or trading in inside information, as well as Their right to view all transactions with members of the Board of Directors or executive managers.

D- The role of stakeholders: The role of stakeholders is represented in the methods of exercising management powers in the company, including respect for their legal rights, and compensation for any violation of those rights, as well as the mechanisms for their effective participation in controlling the company, and their obtaining the required information. Stakeholders mean banks, employees, bondholders, suppliers and customers.

E- Disclosure and transparency: The corporate governance framework should ensure accurate and timely disclosure of all matters related to the establishment of the corporation, including financial position, performance, ownership and how power is exercised.

f- The responsibilities of the Board of Directors: These include the structure of the Board of Directors, its legal duties, how to select its members, its basic tasks, and its role in supervising the executive management (Al-Jajawi and Al-Fath Allah,2017: 67)

Influencing parties in corporate governance

Four main parties influence and are affected by the proper application of the concept and rules of governance and determine the extent of its success or failure (Nesman, 2009: 17)

1-Shareholders :Those who own shares in return for obtaining appropriate profits for their investments, as well as maximizing the value of the economic entity in the long term, and they are the ones who have the right to choose the members of the Board of Directors.

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2- The Board of Directors : They represent shareholders and stakeholders. The Board of Directors selects the executive managers who are entrusted with the authority of the daily management of the implementation of the economic entity, as well as monitoring their performance. It also draws up the general policies of the economic entity and how to preserve the rights of shareholders.

3-Management : It is responsible for the actual management of the bank and submitting performance reports to the Board of Directors, in addition to being responsible for maximizing profitability, disclosure and transparency towards shareholders.

4-Stakeholders : They are a group of parties that have interests in the economic entity, such as creditors, suppliers, workers, and employees.

2. Financial Standard for Sustainability Accounting FNO 101

The concept of sustainability accounting

Accounting comes at the forefront of tools that contribute to achieving sustainable development because of its ability to measure business results and potential obligations towards others, which contributes to providing information with an economic dimension for decision-making by stakeholders (Goranka, & et al, 2014: 31). corporate sustainability can be defined as “sustainability that maximizes the value of shareholders in the company by adopting opportunity and managing risks resulting from economic, social and environmental activities, and the company should take Consider society and the environment as a result of the work that you do for its long-term continuity (Ibrahim, 2016)

Sustainability accounting was defined as an information system specialized in measuring environmental, economic and social processes and communicating results to decision-makers to clarify, evaluate and prove the entity’s participation in achieving sustainable development, as it leads to measurement and disclosure of all areas, whether economic, environmental, social, technological or governance risks from To provide useful information to rationalize decisions. (Al-Khazraji et al., 2020: 190)

Dimensions of sustainability accounting

Sustainability accounting consists of the following activities:

A- Sustainable social activities: This concept is related to the importance of information related to the impact of corporate activities and operations on society, as it aims to achieve social justice through the distribution of natural and economic resources, the development of cultures, respect for human rights, diversification and participation (Farid, 2017: 16). As a result of the developments in the responsibilities of the economic entity s, the direction of the society, accompanied by an escalation in the influence of the society, and its pressures, to adopt the management of these entity s more of the aspirations and goals of the society. These pressures led the economic entities to show more commitment to the social demand, whether it was imposed, by law, or by the initiatives it takes to satisfy society (Al-Amin, 2018: 85).

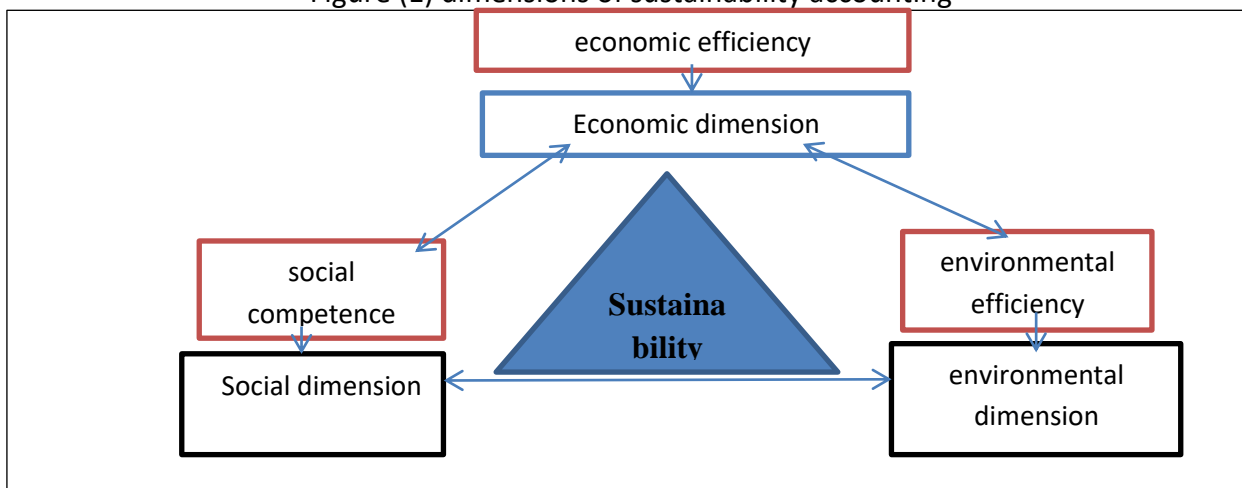
B- Sustainable environmental activities: These are activities that result in reducing the amount of environmental degradation and are linked to compliance with legal considerations and conditions necessary to avoid the causes of land, water, air, noise and other pollution, in addition to designing integrated programs to reduce solid

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waste and using efficient methods to reduce the volume of such waste. (Krivacic, & Jankovic, 2017: 327), it also includes programs that represent the participation of the economic entity in preserving scarce resources of raw materials and energy, in addition to trying to discover new sources of those resources, as it represents a set of information items that are related to the activities of environmental management, the performance of the entity and the impacts The financial implications of it in the future and present (Muhammad, 2017: 77) .

C- Sustainable economic activities: The concept of sustainable economic development has received increasing attention in recent years by companies, along with the concept of social and environmental development because of the great economic impact on the environment and society, as a result of the increasing economic growth, especially in the industry sector and the resulting emissions, its negative impact on Environment There has been a great concern by people because air and water pollution in addition to the depletion of natural resources. Economic activities are linked to activities that aim to improve the level of human well-being by increasing the share of services and goods, and achieving economic efficiency by optimal use of available resources (Al-Amin, 2018: 85). The close interdependence between sustainability activities can be illustrated through the following figure.

Figure (1) dimensions of sustainability accounting



Source: (Stefan Schaltegger, et al:2016:8)

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FNO 101 Financial Sustainability Accounting includes the commercial banking sector. That accepts deposits and makes loans to individuals, and companies that are involved in infrastructure and real estate. And other projects inside and outside borders, The Sustainability Accounting Standards Board has identified the following core sustainability issues (Al Chalabi, 2017: 28) Financial inclusion and absorptive capacity, Customer privacy and data security, Managing the legal and regulatory environment, Systemic risk management, Integration of environmental, social and governance risk factors into credit risk analysis.

The financial standard for sustainability accounting FNO 101 for commercial banks includes financial reporting, for the following (Al-Jabali, 2017: 29).

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- 1- For the financial sector, the measures that measure revenues, margins and organizational capital are related to the analysis of the disclosure issued by the Board.
- 2- The Sustainability Accounting Standards Board (SASB) recommends specific activity measures, which should accompany the Council's standards for sustainability accounting, to assist current and prospective investors in the interpretation and analysis, of these standards.
- 3- Banks should disclose, in addition to the information required by law, more substantial information available that is necessary to issue integrated reports that are not misleading.
- 4- The strategic approach of companies for their management of sustainability performance.
- 5- The degree of control for banks.
- 6- Any measures taken by banks to improve performance.
- 7- Bank data for the last three fiscal years (when available).
- 8- Using sustainability accounting standards specific to their primary industry, as defined in the sustainable industry classification system, according to tm SICs. If the bank achieves significant revenues from several industries, the Board recommends that it consider the relative importance of sustainability issues identified by those industries and disclosure measures. associated accounting.
- 9- That banks disclose sustainability issues and metrics, and the operations they undertake as stake, control and thus be consolidated for financial reporting purposes (control stakes, which are generally defined as ownership of 85% or more of the voting shares)
- 10- To prepare useful measures for the users of the accounting standards of the SASB Council, for example (investors), in managing their accounts and their ratios.

3. Governance and its role in applying the financial standard for sustainability accounting FNO 101

Corporate governance is one of the most prominent and important tools and means to achieve corporate sustainability in the local environment, so interest in it has increased and it has become one of the basic pillars on which various companies should be based. benefits, at the social, environmental and economic levels, and the study (Al-Hijami, 2020: 56) showed that there is a relationship between governance and sustainability, such as the relationship of cause and effect, especially during economic crises and radical transformations, as there is a need for renewed forms in the capabilities of governance to achieve Human and community development focusing on individuals and serving the common good.

As governance represents one of the main pillars of development, in the economic, social, environmental and political fields, and there is great agreement on the impact and role of governance in improving the outputs of social, environmental, and economic processes, and that the application of economic entity, general to the characteristics of governance, ensures access to the state of compliance and commitment necessary for success this economic entity, in achieving development and achieving its goals, as their application is one of the crucial and essential components in the development and reform process(Abdul-Jabbar, 2012:56)

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Through the relationship of governance with sustainable development, the governance department will determine, within the standards of control, accountability and transparency, for all financial and economic resources and governance, the final word, in a disciplined manner, in achieving sustainable development indicators, which are represented in decent living, safety and communication, and expanding options, the capabilities of people and the protection of the environment and the achievement of justice, without any threat of risks (Thomas, 2017:798).

Therefore, environmental, social and governance factors increasingly contribute to financial performance in general. Commercial banks that fail to address these risks may face low returns and low shareholder value. Banks should then reveal how these factors are integrated into the loan process and the current level. Accordingly, there is increasing pressure from investors for banks to disclose how to deal with risks related to climate change, as banks should monitor and manage the financed emissions or greenhouse gas emissions of the economic entities in which banks invest or to which they provide loans (Al-Ibrahimi, 2018: 108).

As banks discuss how to integrate dimensions The three aspects of sustainability in lending decisions for activities include the following aspects (SASB,2014: 1):

- 1- Credit Risk Analysis - Assessment of the increased probability of default on non-performing loans as a result of ESG factors.
- 2- Evaluation of Underlying Asset Assessment - Assessment of collateral impairment risk and the potential for non-performing assets with low liquidity due to ESG factors.
- 3- Goodwill Risk Assessment - Assessment of any potential reputational risk to banks due to mismanagement of ESG factors associated with the loan objective or project, which may affect the bank's final decision to provide loans.
- 4- Assessment of macroeconomic factors - assessing how environmental and social factors affect macroeconomic conditions - which in turn may affect credit risk or loan quality - such as GDP, inflation, interest rates, money supply or industrial production.

Therefore, accurate and timely disclosure is one of the basic requirements that ensure a good governance framework on all matters related to business enterprises, including the financial situation, ownership, performance and management of all stakeholders to enhance trust with them, protect their rights and ensuring fair treatment for them, Governance, or as it is called (good management), is a means that ensures to stakeholders and society that management cares about their interests and maximizes wealth for them through making rational decisions to avoid the company from being exposed to all risks that harm all interested parties, and some point to the existence of a set of indicators and metrics for the principles of good governance, which must be disclosed and take into account the most important of them (Al-Jabali, 2018: 20).

- a. The need to develop control indicators to identify weaknesses and strengths and encourage the processes of improving control and operation in the company.
- b. The need to provide the necessary information for the needs and wishes of internal parties such as management and parties associated with the work of the board of directors such as audit committees, financial committees, appointment committees, and risk management committees, in addition to employees.

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- c. The need to provide the necessary information to the requirements and wishes of external parties such as investors, shareholders, customers, regulatory and governmental authorities, environmental and social organizations and banks that are dealt with.
- d. The need to disclose sustainability reports, Management reports, board structure, ethical principles and accountability laws.

Therefore, the provision of social, environmental, economic and Governance information by banks will contribute to the efficiency of financial markets and reduce banking risks, in addition to the uniformity of information between management and stakeholders, which in turn will be reflected in increasing investor confidence in them and helping them make investment decisions and others, being the focus of operations for banks and their real capital for the long term.

Measuring the reflection of corporate governance in the FNO101 sustainability accounting standard

This axis discloses the analysis of the statistical results of the data contained in the questionnaire, using several statistical methods. **To achieve the validity test of the hypothesis adopted by the research.**

1. Analyze the results of the sample response

This paragraph includes a statistical analysis of the impact of corporate governance in the application of the FNO101 sustainability accounting standard, and the arithmetic means and percentages will be used to determine the trends of the research sample as follows:

1. The Sustainability Accounting Standard FON 101 represents the basis for achieving high-quality sustainability reports. This was confirmed by the sample with an agreement rate of (85.6%), an agreement rate of (45.6%), a towards agreement rate of (40%) and an arithmetic mean of (4.31).
2. The application of the Sustainability Accounting Standard FNO101 contributes to determining the information content that should be included in financial reports. This was confirmed by the sample with an agreement rate of (88.4%), meaning that the trends of the sample's answers were strongly directed towards agreement at a rate of (32.8%) and towards agreement at a rate of (45.6%), with an arithmetic mean of (4.10).
3. adopting a sustainability standard FNO101 improves the activities of the economic entity and the expectations and core interests of stakeholders. With an agreement rate of (85.6%), that is, the trends of the sample's answers were directed towards agreement strongly at a rate of (39.2%), and towards agreement at a rate of (46.4%), with an arithmetic mean of (4.21).
4. The application of the sustainability standard by the requirements of corporate governance contributes to improving financial performance. This is what the sample agreed upon, with an agreement percentage of (82%)., with a rate of (30.7%) towards an agreement with a rate of (51.3%), and an arithmetic mean (of 4.11).
5. The sample confirmed that the application of the Sustainability Accounting Standard FNO101 helps to indicate topics that reflect important economic, social and environmental impacts. which helps in improving the financial performance of the economic entity, with an agreement rate of (88.8%), meaning that the trends of the

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sample answers It was heading towards agreement strongly with a rate of (38.4%) and towards agreement with a rate of (50.4%) with an arithmetic mean of (4.25).

6. The sample confirmed that the application of the Sustainability Accounting Standard FNO101 improves the correct presentation of information by the requirements of corporate governance. Towards agreement strongly with a rate of (51.2%) and an arithmetic mean of (4.38).
7. Adopting a sustainability standard helps stakeholders make sound and reasonable assessments and take appropriate measures, and this is reflected in improving the financial performance of the economic entity. With an agreement rate of (85.6%), with a rate of (36%), and towards agreement with a rate of (49.6%), with an arithmetic mean of (4.18).
8. The Financial Standard for Sustainability Accounting FON 101 by the requirements of corporate governance contributes to the provision of public disclosures related to the economic entity, this is what I emphasized the sample's responses were in agreement (83.2%), meaning that the trends of the sample's answers were strongly directed towards agreement at a rate of (34.4%) and towards agreement at a rate of (48.8%).
9. the financial standard for sustainability accounting FNO 101 helps to provide disclosures on the organizational file of the economic entity by the requirements of corporate governance, which is reflected in understanding its nature and its economic entity, environmental and social effects. With an agreement rate of (87.2%), that is, the trends of the sample's answers were strongly directed towards agreement, with a rate of (33.6%) and an arithmetic mean of (4.19).
10. The Financial Standard for Sustainability Accounting FNO 101 contributes to providing public disclosures about the strategy of the economic entity by the requirements of corporate governance, which is reflected in improving financial performance. This is confirmed by the responses of the sample (80.8%), meaning that trends The sample's responses were strongly inclined towards agreement at a rate of (33.6%), with an arithmetic mean of (4.12).

The following table shows an analysis of the questionnaire's axis and the impact of corporate governance in the application of the FNO101 sustainability accounting standard. (Appendix (1)).

From the above table (Appendix (1)), it is clear that the value of the arithmetic mean for this dimension is (4.25), which is greater than the value of the hypothetical means of (3). This means that the sample's responses in this dimension are directed towards full agreement and agreement, with a standard deviation of (0.49). This means that the answers of the sample were homogeneous about the paragraphs of this axis.

2. The results of testing the hypothesis statistically:

Null hypothesis: (There is no significant reflection of the mechanisms of corporate governance in the application of the financial criterion for sustainability accounting FNO 101 in improving the financial performance of commercial banks listed in the Iraq Stock Exchange. "At the level of significance (5%)

Alternative hypothesis: (There is a significant effect of corporate governance mechanisms in applying the financial sustainability accounting standard FNO 101 in

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improving the financial performance of commercial banks listed on the Iraq Stock Exchange at a significant level (5%).

To prove the hypothesis, this can be measured through the linear regression model, which is represented by the following equation:

$$y = 1.55 + 0.59 x_1$$

whereas:

y: stands for FNO101 Sustainability Accounting Standard

X₁: corporate governance

Table (2) Results of testing the research hypothesis

independent variable X _t	dependent variable Y _t	B Value	Calculated F value	indication	Tabular value of F	R ²	Acceptance (rejection) of the hypothesis
corporate governance	FNO101 Sustainability Accounting Standard	1.59	49.04	Relationship	3.88	0.505	Reject the null hypothesis and accept the alternative hypothesis

The table is from the researcher's work based on the results of the SPSS program. The results of the hypothesis test show that the calculated value of F amounted to (49.04), which is greater than its tabular value at the level of significance (0.05) and the degree of freedom (1,28), amounting to (3.88). This means rejecting the null hypothesis and accepting the alternative hypothesis, meaning that there is a significant effect on corporate governance in the application of the financial standard for sustainability accounting FNO 101, and since the sign of the beta coefficient is positive, this means that the effect is positive, that is, there is a (direct relationship) between the two variables of the hypothesis, as the value of the determination coefficient R² (0.50), and the value of the beta coefficient was (0.59), which is a positive value, which means that when one entity is changed in the application of corporate governance mechanisms, there will be an increase of (59%) in the application of the FNO101 sustainability accounting standard. This means proving the main hypothesis, that is, "there is a significant effect of the mechanisms of corporate governance in the application of the financial standard for sustainability accounting FNO 101 in improving the financial performance of commercial banks listed in the Iraq Stock Exchange."

Conclusions and recommendations

First: the conclusions

- 1- Corporate governance is one of the most important international principles related to the work of managing economic entities, as it includes rational principles that aim to regulate the relations between the actors in those entities, and corporate governance depends on the legal and regulatory environment as well as other factors such as business ethics and social responsibility based on cultural principles prevalent in the society in which the economic entity operates.
- 2- The Financial Standard for Sustainability Accounting FNO 101 contributes to providing an overview of the governance structure and the role of the senior management body in defining the objective of an economic entity, their market value, strategy, efficiency and evaluation of their performance in risk management.

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- 3- There is a significant reflection of the mechanisms of corporate governance in the application of the financial criterion for sustainability accounting FNO 101 in improving the financial performance of commercial banks listed in the Iraq Stock Exchange. "At a significant level (5%).

Second: Recommendations

- 1-The need to hold specialized training courses for workers in an economic entity, increase the level of disclosure and transparency in financial reports, and make them available to all stakeholders to give shareholders and investors security for their money, and work to spread the concept and culture of governance and the financial standard for sustainability accounting FNO 101 in a wider way to all relevant parties, And issuing pamphlets and instructions that reflect their concepts and applications.
- 2- The necessity of disclosing sustainability issues by commercial banks to work within the framework of transparency through integrated reporting in the published annual reports and a statement of their contribution to protecting the environment and achieving social and economic well-being, which helps them in enhancing the confidence of investors and the largest stakeholders, namely the community.
- 3- The need for the economic entity to adhere to the application of the rules of governance and the application of the financial standard for sustainability accounting FNO 101, which contributes to the deepening and development of concepts, as it contributes to achieving transparency for the published annual reports to be more reliable and credible.

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تأثير حوكمة الشركات في تطبيق المعيار المالي لمحاسبة الاستدامة FNO 101

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المستخلص

هدفت الدراسة إلى قياس تأثير حوكمة الشركات في تطبيق المعيار المالي لمحاسبة الاستدامة FNO 101، ولتحقيق هدف البحث اتبعت الدراسة المنهج الوصفي التحليلي باستخدام الحزمة الإحصائية للعلوم الاجتماعية (SPSS) في تحليل البيانات واختبار الفرضيات، وتم توزيع الاستبانة على عدد من افراد العينة وكان العدد مناسباً لإجراء التحليل الإحصائي إذ بلغ عدد الاستبانات الموزعة 30 استبانة منها 28 استبانة صالحة للتحليل، وكانت اهم الاستنتاجات أن آليات الحوكمة تسهم في تحسين الأداء المالي مما يحسن من جودة الإبلاغ المالي لتعزيز الثقة في البيانات المالية من خلال تطبيق مؤشرات الحوكمة وفق معايير (GRI). فضلا عن ان تطبيق المعيار المالي لمحاسبة الاستدامة FNO 101 يسهم في تحسين الأداء المالي للمصارف التجارية المدرجة في سوق العراق للأوراق المالية. وكان من أهم التوصيات ضرورة التزام الوحدات الاقتصادية بتطبيق قواعد الحوكمة وتطبيق المعيار المالي لمحاسبة الاستدامة FNO 101 وتعميق المفاهيم وتطويرها، من خلال عقد الدورات التدريبية المتخصصة للعاملين فيها، وزيادة مستوى الإفصاح والشفافية في التقارير المالية، واتباعها لجميع أصحاب المصلحة لإعطاء المساهمين والمستثمرين الأمان لأموالهم المستثمرة في هذه الوحدات، والعمل على نشر مفهوم وثقافة الحوكمة والمعيار المالي لمحاسبة الاستدامة FNO 101 بشكل أوسع لدى كافة الأطراف ذات العلاقة، وإصدار النشرات والتعليمات التي تعكس مفاهيمها وتطبيقاتها.

الكلمات المفتاحية :- حوكمة الشركات , المعيار المالي لمحاسبة الاستدامة FNO 101

Impact of Corporate Governance in the Application of the Financial Standard for Sustainability Accounting FNO 101

Appendix 1

The following table shows an analysis of the questionnaire's axis, the impact of corporate governance in the application of the FNO101 sustainability accounting standard.

Paragraphs	Totally agree %	I agree %	Neutral %	I do not agree %	I don't quite agree%	Arithmetic mean%	standard deviation%
The FNO101 sustainability accounting standard represents the basis for achieving high quality sustainability reports.	45.6	40.0	14.4	--	--	4.31	0.71
the application of the Sustainability Accounting Standard FNO101 contributes to determining the information content that should be included in financial reports.	32.8	45.6	20.8	--	0.8	4.10	0.78
Adopting a sustainability standard improves the activities of the economic entity and the expectations and core interests of stakeholders	39.2	46.4	11.2	2.4	0.8	4.21	0.80
the application of the sustainability standard in accordance with the requirements of corporate governance contributes to improving financial performance	31.2	51.2	15.2	2.4	--	4.11	0.74
the application of the Sustainability Accounting Standard FNO101 helps to indicate topics that reflect important economic, social and environmental impacts	38.4	50.4	8.8	2.4	--	4.25	0.72
the application of the Sustainability Accounting Standard FNO101 improves the correct presentation of information in accordance with the requirements of corporate governance	51.2	39.2	6.4	2.4	0.8	4.38	0.78
adopting a sustainability standard helps stakeholders to make sound and reasonable assessments and take appropriate measures, and this is reflected in improving the financial performance of the economic entity	36.0	49.6	12.0	1.6	0.8	4.18	0.77
The Financial Standard for sustainability accounting FON 101 in accordance with the requirements of corporate governance contributes to the provision of public disclosures related to the economic entity	34.4	48.8	16.0	0.8	--	4.17	0.72
the financial standard for sustainability accounting FON 101 helps to provide disclosures on the organizational file of the economic entity in accordance with the requirements of corporate governance, which is reflected in understanding its nature and its economic, environmental and social effects	33.6	53.6	14.4	--	--	4.31	0.71
The Financial Standard for sustainability accounting FON 101 contributes to providing public disclosures about the strategy of the economic entity in accordance with the requirements of corporate governance, which is reflected in improving financial performance	33.6	47.2	20.8	--	--	4.10	0.78
The general arithmetic mean						3.43	0.44

The table is from the researcher's work based on the results of the SPSS program
