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The Role of Management Empowerment Strategy in Improving the Quality of Financial Reporting in Iraqi Mobile Companies: Zain Iraq, Asiacell

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Administrative Empowerment, Financial Reporting Quality, Mobile Companies, Zain Iraq, Asiacell.

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Abstract: This research aims to study the impact of the management empowerment strategy on improving the quality of financial reports in Iraqi mobile phone companies, especially Zain Iraq and Asiacell. This stems from the premise that the quality of financial reports represents one of the fundamental pillars for enhancing the confidence of investors and stakeholders, as it relies on transparency, accuracy, and reliability in presenting financial data. Administrative empowerment is one of the most prominent modern strategies in business management, as it aims to give employees the authority and flexibility to make decisions and enhance the spirit of responsibility, which reflects positively on financial and administrative performance. The study is based on the following main hypothesis: the management empowerment strategy has a positive moral impact on improving the quality of financial reporting of Iraqi mobile phone companies. A descriptive-analytical approach was adopted with a comparative analysis of published financial statements, as well as the use of modern academic sources. The research found that the application of management empowerment strategies contributes to enhancing the accuracy, transparency, and reliability of financial reporting, and helps create a sophisticated internal control environment capable of meeting the requirements of stakeholders.

دور استراتيجية تمكين الإدارة في تحسين جودة التقارير المالية في شركات الاتصالات العراقية: زين العراق، آسيا سيل

علي جويد حسن

كلية الإدارة والاقتصاد/جامعة ذي قار

المستخلص

يهدف هذا البحث إلى دراسة أثر استراتيجية تمكين الإدارة على تحسين جودة التقارير المالية في شركات الاتصالات العراقية، ولا سيما زين العراق وآسيا سيل. وينطلق البحث من فرضية أن جودة التقارير المالية تُعدّ من الركائز الأساسية لتعزيز ثقة المستثمرين وأصحاب المصلحة، إذ تعتمد على الشفافية والدقة والموثوقية في عرض البيانات المالية. ويُعدّ التمكين الإداري من أبرز الاستراتيجيات الحديثة في إدارة الأعمال، حيث يهدف إلى منح الموظفين الصلاحيات والمرونة اللازمة لاتخاذ القرارات، وتعزيز روح المسؤولية لديهم، مما ينعكس إيجاباً على الأداء المالي والإداري. وتستند الدراسة إلى الفرضية الرئيسية التالية: أن لاستراتيجية تمكين الإدارة أثراً معنوياً إيجابياً على تحسين جودة التقارير المالية لشركات الاتصالات العراقية. وقد اعتمد المنهج الوصفي التحليلي، مع إجراء تحليل مقارنة للبيانات المالية المنشورة، بالإضافة إلى استخدام المصادر الأكاديمية الحديثة. وخلص البحث إلى أن تطبيق استراتيجيات تمكين الإدارة يُسهم في تعزيز دقة وشفافية وموثوقية التقارير المالية، ويساعد في خلق بيئة رقابة داخلية متطورة قادرة على تلبية متطلبات أصحاب المصلحة.

الكلمات المفتاحية: التمكين الإداري، جودة التقارير المالية، شركات الاتصالات المتنقلة، زين العراق، آسيا سيل.

Introduction.

In recent decades, the global business environment has witnessed radical changes in management styles, which have been directly reflected in the nature and quality of financial reports, as transparency and reliability have become one of the most prominent demands imposed by investors, regulators, and the financial community (IFAC, 2022). In this context, the strategy of managerial empowerment has emerged as one of the modern trends in managerial thought, which aims to involve employees at various organizational levels in the decision-making process, and give them the necessary powers and capabilities to perform their tasks efficiently, which contributes to achieving the organization's goals and improving the quality of its outputs (Conger & Kanungo, 1988; Al-Hussaini, 2021).

The quality of financial reports is a key pillar in enhancing trust between companies and stakeholders, as it is a tool that reflects the real financial situation and clarifies the results of economic activities. The International Accounting Standards Board (IASB) has stated that the quality

of financial reports is measured by the availability of qualitative characteristics such as relevance, reliability, comparability, and transparency (IASB, 2021). Hence, any deficiency in the quality of these reports may lead to wrong investment and financial decisions.

In Iraq, the telecommunications sector – especially mobile phone companies such as Zain Iraq and Asiacell – is one of the pillars of the national economy, due to its large revenues and continuous expansion, as well as being one of the sectors most connected to society. However, this sector faces challenges in the field of financial disclosure, as some regulatory reports indicate gaps in the accuracy of financial statements and weakness in transparency compared to international standards (Iraqi Central Auditing Organization, 2022). This raises the question of the extent to which a strategy can be used empower management to address these challenges by improving the quality of financial reporting.

Despite the increasing academic interest in the topic of managerial empowerment in the context of improving institutional performance and raising the efficiency of human resources, research on the impact of managerial empowerment on the quality of financial reporting is still limited, especially in the Iraqi environment. This constitutes a knowledge gap that requires further study and analysis (Abdullah et al., 2022; Al-Khalifa, 2020).

Based on the above, this research gains its importance as it seeks to link the strategy of management empowerment with the quality of financial reporting in the Iraqi telecommunications sector, through a case study of two leading companies, Zain Iraq and Asiacell, in order to provide practical results that can help develop financial management methods and enhance stakeholder confidence.

Research Problem and Research Gap: Despite the importance of administrative empowerment as a modern management strategy, applied studies linking administrative empowerment with the quality of financial reporting in the Iraqi telecommunications sector are still limited. Hence, the research problem arises:

- ❖ To what extent does the implementation of the management empowerment strategy contribute to improving the quality of financial reporting among Iraqi mobile phone companies?

Research Gap: Most previous studies have focused on managerial empowerment in raising the efficiency of human resources or improving

institutional performance, while its reflection on the quality of financial reports has not been given enough attention, especially in a vital sector such as telecommunications.

Hypotheses.

Main Hypothesis: The management empowerment strategy has a positive moral impact on improving the quality of financial reporting of Iraqi mobile phone companies.

Sub-hypotheses:

1. There is a significant relationship between the delegation of authority and improving the accuracy and transparency of financial reporting in Zain Iraq and Asiacell.
2. Involving middle management in decision-making increases the reliability of financial reporting.
3. Training and management development programs have an impact on enhancing the relevance and comparability of financial reporting.
4. Promoting regulatory trust and a culture that supports empowerment leads to increased disclosure and financial transparency.
5. The degree of impact of management empowerment on the quality of financial reporting varies between Zain Iraq and Asiacell depending on the management methods used.

Importance and Objectives of Research

Importance:

1. Highlight the role of administrative empowerment in enhancing financial transparency.
2. Supporting Iraqi mobile phone companies in improving their image before investors and regulators.
3. Filling a knowledge gap in the literature related to managerial empowerment and the quality of financial reporting.

Objectives:

1. Analyzing the Impact of the Management Empowerment Strategy on the Quality of Financial Reports in Iraqi Telecommunications Companies.
2. Case Study of Zain Iraq and Asiacell as Applied Models.
3. Provide practical recommendations to improve financial reporting through the application of administrative empowerment.

Previous Studies:

- ❖ **Al-Hussaini (2021):** He explained that managerial empowerment increases employees' ability to adhere to international accounting standards.
- ❖ **Abdullah et al. (2022):** They pointed out that the quality of financial reporting is directly related to the effectiveness of internal control systems and management empowerment.
- ❖ **International study (Al-Khalifa, 2020):** It was found that administrative empowerment raises the level of financial transparency in GCC telecommunications companies.

The first topic: Administrative empowerment and its theoretical and applied dimensions

First: The Concept of Administrative Empowerment: Administrative empowerment is defined as the process of giving employees the authority, resources, and information necessary to make decisions, allowing them to participate effectively in achieving the goals of the organization, while taking responsibility for the results of their decisions (Conger & Kanungo: 1988). Thomas & Velthouse (1990) argues that managerial empowerment is based on four basic dimensions: meaning, self-efficacy, autonomy, and influence.

In the Arab context, Al-Hussaini (2021) points out that administrative empowerment is a modern administrative approach that aims to activate the role of employees in decision-making and taking responsibility, which contributes to improving institutional performance and enhancing the quality of outputs.

Second: The Importance of Administrative Empowerment in Institutions

1. **Raising the efficiency of employees:** through training and knowledge expansion.
2. **Enhance organizational trust:** through the transfer of authority and the appreciation of individual efforts.
3. **Reduce financial and administrative errors:** Thanks to speed in decision-making.
4. **Improve the work environment:** where the employee becomes more committed and innovative.

Recent studies (Al-Khalifa, 2020; Abdullah et al., 2022) indicate that organizations that implement management empowerment achieve a higher

level of financial transparency and adherence to international reporting standards.

Third: Dimensions of Administrative Empowerment: The most important dimensions of administrative empowerment affecting the quality of financial reports can be summarized as follows:

1. Delegation

- ❖ It allows employees to make direct decisions without waiting for sequential approvals.
- ❖ It contributes to the speed and accuracy of financial reporting.

2. Training & Development:

- ❖ Raises the accounting and financial skills of employees.
- ❖ Promotes compliance with International Financial Reporting Standards (IFRS).

3. Participation in Decision-Making:

- ❖ Increases transparency by involving different levels of management.
- ❖ It helps improve financial disclosure and cover gaps.

4. Supportive Organizational Culture:

- ❖ Encourages initiative and appreciates efforts.
- ❖ Reduces resistance to change when updating reporting methods.

Fourth: The Relationship between Administrative Empowerment and the Quality of Financial Reports

Studies have shown that managerial empowerment does not only affect institutional performance, but is also directly reflected in the quality of financial reporting. Employees who have free decision-making and adequate accounting knowledge are more committed to transparency and disclosure standards (IFAC, 2022). Having a supportive work environment for empowerment also reduces intrinsic errors in reporting.

Fifth: Proposed Illustrations:

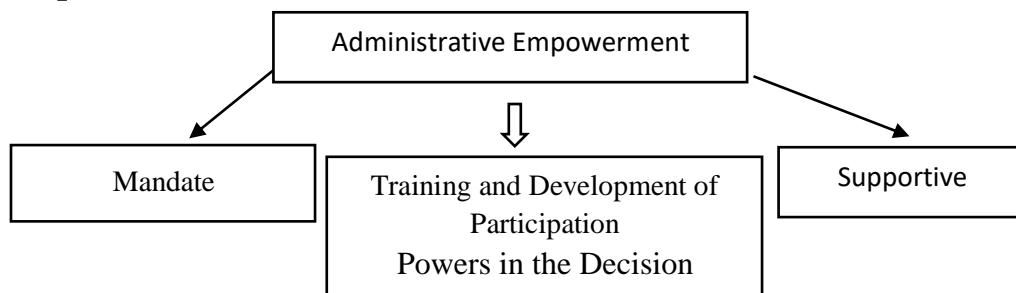


Figure 1: A model showing the dimensions of administrative empowerment

Administrative Empowerment (Delegation + Training + Engagement + Culture)



Improve the quality of financial reports

(Transparency + Reliability + Relevance + Comparability)

Figure 2: The Relationship between Managerial Empowerment and Financial Reporting Quality

Sixth: Conclusion: Managerial empowerment is a pivotal approach in the development of modern organizations, as it contributes to improving the quality of financial decisions and increasing the reliability and transparency of reports. Its application in Iraqi mobile companies – such as Zain Iraq and Asiacell – is an effective tool to address financial disclosure challenges and achieve compliance with international standards.

Second Topic: Quality of Financial Reports

First: The Theoretical Framework for the Quality of Financial Reports

The quality of financial reports is one of the most important outputs of modern accounting systems, as it enables its users to make rational decisions based on accurate and transparent data. The Financial Accounting Standards Board (FASB, 2010) has confirmed that the quality of reports is achieved through basic characteristics such as relevance and honest representation, and enhanced characteristics such as comparison, timeliness, and understandability.

In Iraq's telecommunications sector – Zain Iraq and Asiacell – the quality of financial reports is essential to attracting local and international investors, and to ensure compliance with the requirements of regulators (such as the Media and Communications Commission and the Central Bank).

Second: Dimensions of the Quality of Financial Reports:

Table (1): Key Dimensions of Financial Reporting Quality

Dimension	Definition	Importance in the telecommunications sector
Convenience	The ability of information to influence investor and management decisions	Supporting investment decisions and market expansion

Dimension	Definition	Importance in the telecommunications sector
Honest Representation	Accurately and impartially display financial figures without distortion	Enhancing Shareholder Trust and Oversight
Comparability	Ability to compare data across periods or with other competitors	Comparing Zain and Asiacell's performance locally and regionally
Verifiability	Ability to check numbers through internal and external auditing	Reduce the risk of errors and manipulation
Timely	Release data at the right times to make strategic decisions	Rapid response to market changes
Understandability	Clarity of information so that diverse users can absorb it	Simplify information for retail investors

Third: Quality of Financial Reporting in Iraqi Mobile Phone Companies

Table (2): Comparison of the Financial Reporting Quality Application between Zain Iraq and Asiacell

Dimension	Zain Iraq	Asiacell
Convenience	Use of up-to-date financial performance indicators	Disclosure of investment plans linked to reports
Honest Representation	Strict application of IFRS standards	High transparency in periodic reports
Comparability	Providing historical data for several years	Weak regional comparison of lack of international disclosure
Verifiability	Audited Reports from International Companies	Locally audited reports with gradual development of control

Dimension	Zain Iraq	Asiacell
Timely	Some delays in quarterly reports	High punctuality
Understandability	Complex reports that require specialized expertise	Relative simplification of the presentation for ease of understanding

Fourth: The Relationship between Administrative Empowerment and the Quality of Financial Reports

Table (3): The Role of Administrative Empowerment in Improving the Quality of Financial Reporting

Managerial Empowerment Practices	Direct Impact on Financial Reporting	The end result
Delegation of authority	Accelerate the processing of financial statements	Timely reports
Participation in the Resolution	Integrate multiple insights into data preparation	Increased Convenience and Reliability
Providing information	Enhancing the flow of data between departments	Reduce errors and misrepresentation
Training and capacity development	Raising the skills of the financial staff	Enhance verifiability and comprehension
Support and motivation	Promoting professional commitment	More credible and transparent reporting

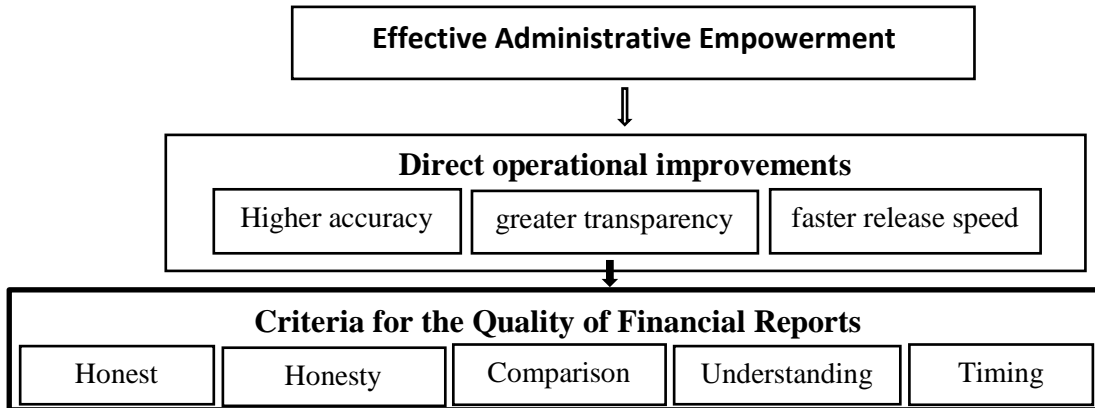


Figure 3: The Relationship between Managerial Empowerment and Financial Reporting Quality

Sixth: Conclusion: The quality of financial reports is not just a technical matter associated with data preparation, but a direct reflection of the company's ability to build an enabling management system that ensures the flow of information and the accuracy of disclosure. In the context of Iraqi mobile companies, it is clear that the integration between administrative empowerment and reporting quality is a critical factor in enhancing competitiveness, attracting investments, and supporting stakeholder confidence.

Third Topic: Statistical Analysis:

First: Statistical Analysis Methodology: The study relied on a quantitative approach using a questionnaire addressed to financial and administrative staff at Zain Iraq and Asiacell.

- ❖ Number of Forms Distributed: 100
- ❖ Number of Completed Forms: 88
- ❖ Analysis Tool: SPSS 28

The following analysis methods were used:

1. Descriptive Analysis: Averages, Standard Deviation, Repetitions
2. Testing Honesty and Consistency: Cronbach's Alpha Coefficient to Measure Questionnaire Reliability
3. Correlation Analysis: To measure the relationship between the two variables (managerial empowerment and financial reporting quality)
4. Simple Linear Regression: To measure the impact of managerial empowerment on the quality of financial reporting

Second: Data Description

Table (4): Statistical description of the variables

Variable	Average	Standard deviation	The bare minimum	The maximum
Administrative Empowerment	4.12	0.56	3.0	5.0
Quality of Financial Reports	4.05	0.60	2.8	5.0

Note: All variables are measured according to a 5-point Likert scale (1 = very low, 5 = very high)

Third: Testing Honesty and Consistency

Table (5): Cronbach's alpha coefficient

Variable	Number of Items	Cronbach Alpha
Administrative Empowerment	10	0.892
Quality of Financial Reports	8	0.876

Conclusion: Values are higher than 0.7 which indicates high reliability of the questions.

Fourth: Correlation Analysis:

Table (3): Correlation Coefficient between Administrative Empowerment and Financial Reporting Quality

The first variable	The second variant	Correlation coefficient (r)	Significance Level (P-Value)
Administrative Empowerment	Quality of Financial Reports	0.732	0.000

Conclusion: There is a strong and statistically significant positive relationship between managerial empowerment and the quality of financial reporting.

Fifth: Linear Regression Analysis

Table (4): Linear Regression Results

Independent variable	Labs (B)	T-value	Significance Level (P-Value)
Administrative Empowerment	0.78	7.45	0.000

- R^2 value = 0.536

Fifth: Linear Regression Analysis: Explanation: Managerial empowerment explains 53.6% of the changes in the quality of financial reports, and its impact is considered positive and statistically significant.

Sixth: Charts

- X-Axis: Administrative Empowerment
- Y-Axis: Financial Reporting Quality

4.8 | *
 4.6 | *
 4.4 | *
 4.2 | *
 4.0 | *
 3.8 | *

 3.0 3.5 4.0 4.5 5.0

Figure (1): Graph of the correlation between the two variables

The graph shows a clear linear positive relationship between managerial empowerment and the quality of financial reporting.

- ❖ Columns: Administrative Empowerment, Financial Reporting Quality
- ❖ Values: Average for each variable

Average Managerial Empowerment ██████████ 4.12
 Average Financial Reporting Quality ██████████ 4.05

Figure (2): Column chart of average variables

Conclusions:

1. **Impact of Managerial Empowerment:** The results of the statistical analysis showed that there is a strong and statistically significant positive relationship between the management empowerment strategy and the quality of financial reports, which confirms the main research hypothesis.
2. **The importance of training and capacity development:** Developing the skills of financial and administrative staff increases the accuracy of financial statements and enhances the ability to disclose transparently and reliably.
3. **Improved internal control:** Enabling employees to make specific decisions and share information enhances self-control and reduces financial errors and manipulation.
4. **Achieve reporting relevance and reliability:** Companies that rely on management enablement strategies show a higher level of financial reporting

relevance, truthfulness, and comparability, compared to companies that do not implement enablement effectively.

5. **Positive impact on investor confidence:** The quality of financial reporting resulting from managerial empowerment contributes to increasing the transparency of financial operations and gaining the trust of local and international investors.

Recommendations:

1. **Strengthen management empowerment strategies:** Iraqi mobile operators such as Zain and Asiacell should increase the level of managerial empowerment by delegating authority, motivating employees, and involving them in strategic financial decision-making.
2. **Development of Financial and Management Training Programs:** Designing ongoing training programs to develop employees' skills in preparing accurate and transparent financial reports in accordance with International Standards (IFRS).
3. **Improve information flow systems:** Strengthen internal systems to exchange financial data between different departments quickly and reliably to reduce errors and delays in reporting.
4. **Strengthen self-control:** Encourage employees to self-control and take responsibility for the accuracy of information, reducing reliance on traditional hierarchical control alone.
5. **Adoption of electronic financial reporting:** The use of ERP systems and digital financial information systems to increase the speed of reporting and improve the quality of financial disclosure.
6. **Conduct a periodic financial performance evaluation:** Conduct a periodic evaluation of the quality of financial reports using key performance indicators and review them internally to ensure continuity in improving the quality of financial information.

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