



IFRS COMPLIANCE AND THEIR IMPACT ON SUSTAINABLE STRATEGIC FINANCIAL PERFORMANCE

Salem Moulan Kamel

salim.molan@s.uokerbala.edu.iq

Accounting Department/University of Karbala / Iraq

A. m. Dr. Mohamed Fadel Nima Al-Yassiri

Accounting Department / Al-Furat Al-Awsat University / Iraq

Article history:	Abstract:
<p>Received: 1st September 2022 Accepted: 1st October 2022 Published: 4th November 2022</p>	<p>The banking sector in Iraq faces many challenges, and from a diagnostic and analytical view of the overall economic situation of the country, the conditions that the country is going through are directly reflected on the banking sector in the Iraqi economy, and given the prominent role of international financial reporting standards as they work to identify and measure the financial events of banks, And compliance with the standards leads to achieving value and achievement for its customers and stakeholders on a larger scale, as banks can achieve the targeted results for them, leading to increased customer satisfaction and an increase in their value in the long run. Accordingly, the research aimed to define the international financial reporting standards IFRS and the strategic financial performance, and to clarify the extent of compliance with the international financial reporting standards IFRS and its impact on the strategic financial performance, as compliance with the international financial reporting standards IFRS has a significant impact on the strategic financial performance. For the purpose of achieving the goal of the research, a group of private local banks that apply the International Financial Reporting Standards (IFRS) were selected, the research sample, and the questionnaire method was used for the purpose of collecting data from the sample members mentioned, and an analysis of the data collected was statistically performed using the SPSS program.</p> <p>Among the most important conclusions reached by the researcher: Compliance with international financial reporting standards qualifies Iraqi commercial banks to make their financial reporting understandable and readable in the global market, and compliance with financial reporting standards leads to making financial statements have a positive impact on decision makers and users, as well as providing an image The financial statements based on financial reporting standards provide valuable information in decision-making, and the application of financial reporting standards leads to clarity and transparency in the accounting procedures that are followed in preparing the statements Finance in a way that investors can understand.</p> <p>As for the most important recommendations by the researcher, they are to activate the role of the Iraqi Accounting Standards Board and to seek to legislate accounting standards more than it is currently, relying on the International Accounting and Financial Reporting Standards (IFRS) and working with them and eliminating conflict with them, while striving to harmonize them with the Iraqi environment, and the need to adopt banks The Special Iraqi for International Financial Reporting Standards because of its credibility and general acceptance of financial statements, and working to increase awareness of workers in Iraqi commercial banks with regard to international financial reporting standards, through workshops, courses, scientific results, scientific conferences and invested research.</p>

Keywords: Financial reporting , financial performance



INTRODUCTION

The world has witnessed many developments related to environmental areas that depend on the accounting system such as the emergence of economic blocs that facilitated the flow of services, goods and capital, which forced accounting to develop and meet the needs of users, as international accounting bodies appeared, which in turn regulate professions and standardize, and these standards serve as controls for the production of transparent and complete information about the economic situation. For economic unity, the protection of creditors and public interests, accounting information is the basis for decision-making for users, and this information should have a set of qualitative characteristics that contribute to raising the efficiency of accounting systems and advancing the national economy, so all organizations have sought to comply with financial reporting standards.

On the other hand, the application of financial reporting standards has a significant impact on the role and performance of economic units in general, especially with regard to the parties associated with these institutions of capital owners, financiers, business customers, employees, governments and others. Therefore, accounting standards and rules are no longer an option but an economic, financial and administrative necessity.

From this point of view, the current study came to shed light on sustainable financial performance through compliance with international financial reporting standards, and the research included four chapters: the first chapter dealt with the research methodology and the most important previous studies and consists of two sections, the first summarized the research methodology while the second section dealt with previous studies that were exposed to research variables, while the second chapter focused on the theoretical framework of the study, consisting of three sections, the first expressed the criteria for financial reporting, the second section dealt with sustainable strategic performance, while the third section dealt with the relationship between financial reporting standards and sustainable strategic performance, while the third chapter came to analyze the resolution and the results of the study, and the fourth chapter went to highlight the most important conclusions and recommendations.

SECTION I RESEARCH METHODOLOGY RESEARCH PROBLEM

The financial and banking sector in Iraq faces many challenges, and from a diagnostic and analytical

view of the macroeconomic situation of the country, the conditions experienced by the country have been reflected in a way that has been reflected in a way that has been reflected in the banking sector in the Iraqi economy, and given the prominent role of the International Financial Reporting Standards as they work to identify and measure the financial events of banks, it is not possible to reach accurate and sound results that reflect the correct position of financial events, and to communicate the results of the measurement to users of financial statements, The problem of research is centered on the following questions:

1. What is the level of compliance with IFRS in Iraqi commercial banks?
- 2 - What is the level of sustainable strategic financial performance in Iraqi commercial banks?
3. Is IFRS compliance reflected in the sustainable strategic financial performance of Iraqi commercial banks?

The Importance of Research Important

Submit proposals and recommendations to the management of banks research sample to put them on the subject of implementation to raise the level of financial performance and bring it to the level of excellence aimed at the local economy, which reflects positively on the many parties related to the performance of Iraqi banks .

Research Objectives

The current research aims to achieve a number of strategic objectives, perhaps the most important of which are:

- 1- Provide a conceptual presentation of IFRS related to sustainable strategic financial performance in commercial banks.
2. Compliance with international financial reporting standards in Iraqi commercial banks.
- 3- Study the impact or relationship between compliance with international financial reporting standards and sustainable strategic financial performance in Iraqi commercial banks.

Research hypotheses

Based on the problem of the study and its questions and to achieve the main objectives, the hypotheses were developed as follows:

The main hypotheses of the research:

- **The main premise of the research:** There is a reflection of IFRS compliance on the sustainable strategic financial performance of Iraqi commercial banks.

Two sub-hypotheses emerge from it:

- **First sub-hypothesis of the research:** There are no statistically significant differences



in the respondent's response to the research sample on a reflection of IFRS compliance on sustainable strategic financial performance in Iraqi commercial banks attributable to the gender variable.

- **Second sub-hypothesis of the research :** There are no statistically significant differences in the response of the research sample to a reflection of IFRS compliance on the sustainable strategic financial performance of Iraqi commercial banks attributable to the variable years of experience.

Research Method

The researcher adopted the analytical method in the theoretical side and the case study in the practical side through the following:

- أ. Theoretical aspect: The researcher followed the analytical approach by using various sources and analyzing what was stated in them to identify the variables of the research and the associated factors that help in the study of the relationship between them and the impact of this relationship in achieving the desired results of the research.
- ب. Practical aspect: The researcher followed the case study approach for the purpose of proving or denying the hypothesis of the research and achieving the results, as the researcher adopted the exploratory method by distributing the questionnaire and the checklist in Iraqi commercial banks to show the impact of compliance with international financial reporting standards on sustainable strategic financial performance in Iraqi commercial banks

Data And Information Sources Sources of Data And Information Sources

For the purpose of obtaining the necessary data and information and in order for the research to achieve its main objectives, different methods of collecting data and information have been relied upon, as follows:

1. Theoretical aspect:

In order to enrich the theoretical aspect of the research, the researcher relied on many available Arab and foreign sources, which depend on books, scientific researches, studies, periodicals, articles, various bulletins, theses, university theses and previous studies related to the subject of study, whether in Arabic or foreign, which were reviewed before the start of the preparation of this study. , in addition to using the International Information Network (**INTERNET**) and keeping abreast of the latest scientific developments related to the research topic.

2. Applied aspect:

Within this context, the annual reports of the Board of Directors and the data issued by Iraqi commercial banks 2018-2019 were directly relied on as a model for the study, and a number of relevant experts in this field were also used, and the questionnaire tool was relied upon, which was designed to collect data related to the study, and was distributed to the research sample in order to know the IJA Accused of the subject of the study, where the questionnaire was distributed to accountants in Iraqi commercial banks.

1.1.7 Research Limits

The spatial and temporal boundaries of the research included the following:

1. Spatial boundaries:

An intentional sample that included commercial banks in the Iraqi Stock Exchange to measure compliance with financial reporting standards and its impact on sustainable strategic financial performance, and the current study was limited to a sample of individuals influencing the decision of Iraqi commercial banks, namely accountants.

2. Temporal Boundaries:

The duration of the research included the annual reports of the Board of Directors and data issued by Iraqi commercial banks 2018-2019, and the questionnaire was distributed to the study eyein May (2022) and over a period of two weeks took the period of distribution, clarification of its content and collection.

Second Section:

Emergence of International Financial Reporting Standards (IFRS)

In 2000 IASC members approved substantial change procedures proposed to it by the International Organization of the Securities Commission (JASC), resulting in the emergence of the IASB as a background for the IASC in 2001. (Bensadon,2016:17)

The emergence of the IASB has become on its point of view and what it previously has been rooted in (Alshattarat.2016:20). The nature of the situation led to the adoption of all previous standards issued by the IASC and the issuance of new standards called International Financial Reporting Standards, and by replacing the IASC it is assumed that the old name of accounting standards (IAS) will gradually disappear to replace the term IFRS in any versions or amendments related to international standards, but there are many standards issued by the IASC that still exist and are applied called IAS has the same number as IFRS despite the emergence of the IASB



making adjustments to and developing them (Deegan,2014:13).

Organizational Structure of the International Accounting Standards Board (IASB)

The organizational structure of the International Accounting Standards Board (IASB) consists of the following entities:

1. IFRS Foundation Monitoring Board (Monitoring Board):

A board established in January 2009 to provide a formal link and interdependence between trustees and public authorities to enhance the overall accountability of the IFRS institution, the Board has key functions including: ensuring that trustees continue to perform their duties as required of them in the institution's constitution, approving the appointment or reappointment of trustees, and board members meet with trustees once a year at the end (Bensadon, 2016:17).

2. The International Financial Reporting Standards (IFRS) Foundation:

It is a non-profit organization that forms the basis of the International Accounting Standards Board and is concerned with the development of IFRS standards of high quality and is characterized by ease of understanding, application and acceptance in general through its subsidiary entity IASB, and it promotes and encourages the use of these standards and their strict application (i.e. without modification by the applicators), as for the trustees they are responsible for supervising the progress of the standard-setting process and monitoring the work of the institution and are responsible for this before the Supervisory Board, except for the They are not involved in technical matters related to IFRS, they are IASB's functions, with 22 trustees and their current chair being Erkki Liikanen (Meji, 2015:6).

3. International Accounting Standards Board (IASB):

The Board consists of experts from diverse and wide geographical areas appointed by the trustees of the International Financial Reporting Standards Foundation, who possess a combination of practical experience necessary for the development of modern accounting standards and the preparation and auditing of financial reports or their use in accounting education, and the International Financial Reporting Standards Foundation performs the function of supervising it, and the International Accounting Standards Board performs several tasks: (Al-Htaybat,2018:32)

1. The members of the Council shall be responsible for their development and dissemination.

2. Final approval of IFRS interpretations.

4. IFRS Interpretations Committee:

The Committee is responsible for interpreting IFRS, as the Committee looks at issues and problems related to IFRS, and these interpretations are often related to specific and specialized matters, and the Committee includes (14) members appointed by the Trustees, providing the best of their diverse technical expertise related to the application of IFRS.

5. IFRS Advisory Council:

The Board is an IFRS advisory body composed of a wide range of representatives of various individuals and institutions, with a focus on providing strategic support and advice to IFRS and meets at least twice a year and for two days in London.

Theories of adoption of IFRS standards

Several theories have emerged for the adoption of IFRS standards , the most important of which are:

1 - Modernization Theory:

Proponents of this theory believe that shifts in the economic structure are a necessary evil for growth in general, and therefore we find that most of what is involved in a structural change of infrastructure, especially related to skills, which may include the application of accounting systems that are characterized by obligation, through the adoption by the legislature of high-quality calculator systems and the accounting of institutions that are not committed to their application (Leventi, 2009:12).

Therefore, this theory adopts the strategy of fully adopting IFRS standards instead of domestic accounting standards and is based on the basic premise that the adoption of these standards brings many advantages to the economies of the adoptive countries and that the achievement of these advantages is conditional on full adoption, but the opponents of this theory believe that the adoption of IFRS standards may not necessarily always achieve the same advantages as those advantages vary from country to country depending on variables. , along with the adoption strategy adopted in those countries in which full adoption may be officially announced when in reality it represents nominal rather than actual adoption (Deegan, 2011:21).

2 - Contingency Theory:

Proponents of this theory believe that it recognizes the importance and impact of environmental factors on economic development, based on the idea that each country has several



unique environmental variables, and in this area Schweikart proposed), that differences in the national environment that represent both internal and external conditions affecting its needs of accounting information and interact with the evolution of the requirements of the accounting system specific to each country, and has determined environmental variables according to this theory of educational and economic variables Accordingly, changes in the institutional environment associated with differences in the nationality of the company will lead to different decisions regarding the methods of financial reporting of the company (Hassan, 2015:27).

3 - The World System The Theory:

Proponents of this theory argue that it offers several solutions to developing countries as it assumes that "developing countries should shut themselves off from the world and independently manufacture and develop their accounting standards by uniting their people for this great task" in other words to rely on the privacy strategy in setting accounting standards by endorsing internally generated solutions to all economic challenges resulting in the adoption of internally created accounting systems to meet the information needs of each country's economy.

Factors influencing the adoption of IFRS standards

There are many factors that influence the adoption of IFRS, which may significantly affect the rapid response of countries to these standards, as well as may affect how international standards are activated in each country's environment, and the factors influencing can be identified as follows (Bensadon, 2016:18):

1. **Culture:** Culture is a crucial factor in the process of choosing a way to adopt IFRS, as some researchers have found that developed and more cultured countries are more inclined to adopt IFRS, compared to less developed and less cultured countries, and countries that are influenced by external cultures usually tend to imitate the culture of those countries, for example countries affected by Anglo-Scanic culture usually tend to adopt IFRS. More so than other countries.
2. **Economic development:** Economic development, including the globalization of trends, the increase in foreign direct investment (FDI) and the development of the strategy of companies with the pleasure of nationalities, is a fundamental variable that affects the development of many tasks in the country, including accounting, as there is a close relationship between economic development and the adoption of IFRS .

3. **The development of the capital market:** The quality of accounting information is one of the most important factors in judging the level of development and efficiency of capital, as the investor needs accounting information that is constantly challenged in order to be able to analyze the investment opportunities of Marat and improve the choices, which prompted many countries to adopt IFRS instead of local standards.
4. **Educational level:** The issues raised at IFRS are usually the result of professional scientific and academic proposals, and therefore they are highly complex and understanding them requires detailed knowledge not only in the accounting field but in multiple areas such as bank management and commercial law, so countries with advanced university education (academically and practically) tend to adopt IFRS.
5. **Theopeness** to the outside world: Openness to the outside world, and the adoption of the economic environment of market policy, will expose accounting systems to many international and regional pressures in order to grow certain accounting systems in order to protect and secure foreign investments, so that countries that are more open to the outside world are more inclined to adopt IFRS compared to other countries that are still decentralizing.

Sustainable Strategic Financial Performance

Sustainable strategic financial performance

Strategic performance is one of the concepts that have received the attention of researchers in economic units both because it reflects the strategic direction of senior management, as well as what resulted from the thought and principles of theories and modern schools of accounting thought that dealt with economic units because they are open systems in their relations with the external environment and the need to adapt to it, so we will try in this section to identify what they are Sustainable strategic performance and the most important fundamentals about it.

The achievement of financial performance is one of the important indicators, and its subject is of interest to many thinkers and scholars in order to determine the extent to which the economic unit succeeds in achieving its main objectives and managing its resources efficiently and effectively, which requires a comprehensive analysis of its various activities to evaluate its financial performance.

2.2.1 Concept and characteristics of financial performance



Financial performance is one of the most prominent concepts that concern the great interest of researchers and thinkers in order to determine the extent to which the bank succeeds in achieving the main objectives of banks such as survival and continuity, and therefore we will review in this section the most important concepts of financial performance, its objectives and importance.

Financial performance is defined as: "A description of the current situation of the bank and an accurate definition of the areas it has used to reach the goal by studying revenues, assets and business using financial indicators such as profitability, and represents the main pillar of the various activities of banks" (Al-Talib, 2011:68).

Financial performance is defined as: "Measuring the results achieved or expected in the light of predetermined criteria to determine what can be measured, and then the extent to which the objectives have been achieved to know the level of effectiveness and determine the relative importance between the results and the resources used, allowing the degree of efficiency to be judged (Al-Rubaie, 2011:146).

It is also defined as the diagnosis of the financial health of banks to know the extent to which they are able to create value and face the future by relying on budgets, table of results accounts and ancillary tables, and on this basis the diagnosis of financial performance is made by examining the growth of profits (Al-Dawi, 2009:218).

Financial performance has a range of characteristics, including (Al-Khatib, 2010:41):

1- A motivating tool to make investment decisions and direct them towards successful institutions.

2 - A tool to realize the gaps and problems that may appear in the march of the institution, indicators sound the alarm if the institution faces monetary or profitable difficulties or because of the large number of debts and loans.

3- A tool to motivate employees and management in the organization to exert more effort in order to achieve better financial results and standards than the previous one.

4- A tool to identify the financial situation in the institution at a certain moment as a whole or for a certain aspect of the performance of the institution or for the performance of its shares in the financial market on a specific day and period.

Financial Performance Objectives

The objectives that the economic unit seeks to achieve in financial performance can be limited to the following: (Dadan, 2006:41):

- 1. Financial balance: It is a goal that the financial function seeks to achieve because it**

affects the stability of the financial institution, and it represents at a certain moment the balance between fixed capital and permanent funds that allow it to be kept, and through the financial period, and from it the fixed capital represented by investments.

- 2. Growth of the institution: The growth of the institution is a** key factor in maximizing its value, and therefore growth decisions are characterized as strategic decisions, as growth is an important strategic function of the economic unit and is a phenomenon that reflects the success and effectiveness of its strategy related to the aspect of development, expansion, survival and continuity.

- 3. Profitability and profitability:** Profitability represents the results of a large number of policies and decisions and measures the efficiency and effectiveness of the management of the economic unit in generating profits.

- 1. Liquidity and balance of the financial structure: Liquidity for an enterprise measures its ability to meet its** short-term obligations, that is, its ability to convert current assets into rapidly available funds, lack or insufficient liquidity leads the enterprise to the inability to meet or meet its obligations and make certain payments and the financial structure measures the ability of the assets of the enterprise to cover the current liabilities.

The importance of financial performance

Financial performance provides a measure of the success of banks through their pursuit of their activity in order to achieve their goals, success is a composite measure that combines efficiency, productivity and effectiveness and is therefore more comprehensive than both in enhancing the performance of the economic unit to continue to survive and continue to work, as well as the Financial Performance Appraisal System provides information to the various administrative levels of banks, for planning and control purposes, decision-making based on scientific and objective facts, as well as the importance of information to external parties and the extent to which banks contribute to the development process is revealed Economic and social by achieving the greatest returns at the lowest costs and getting rid of the factors of waste and loss in time, effort and money, which benefits the economy and society, and also helps the financial performance appraisal system to ensure the availability of liquidity and measure the level of profitability under investment and financing decisions and the accompanying risks, because the financial objectives are to increase the value of the



current bank and maintain liquidity to protect against the risk of bankruptcy and liquidation (Zaarour, 2018: 6).

The importance of financial performance lies in the fact that it aims to evaluate the performance of the institution from several aspects and in a way that serves the users of data who are related to the institution to serve their interests because of the information provided by the financial performance to rationalize their financial decisions, in addition to that the institution can be followed up and monitor its conditions and levels of performance with the available resources and objectives set, and in general the importance of financial performance lies in the following (Bahri, 2018): 354):

- 1- Follow up and know the activity of the institution and its nature.
 - 2 - Follow up and know the financial and economic conditions surrounding the institution.
 - 3- Assist in conducting the process of analysis, comparison and evaluation of data.
 - 4- Evaluate the profitability of the institution and improve it to maximize the value of the institution and the wealth of the shareholder.
 5. Evaluate the liquidity of the institution to improve the ability of institutions to meet obligations.
- 1- Evaluate the development of the institution's activity to know how the institution distributes and invests its financial resources.
 - 2- Evaluate the evolution of the size of the enterprise to provide users of financial data with a set of features with economic dimensions as well as improve the overall capacity of the enterprise.

The importance of the bank's financial performance can be summarized as follows:

- 1- A motivating tool for making investment decisions and guidance towards successful banks, it works to motivate investors to turn to the bank or stocks whose financial standards indicate progress and success from others (Al-Rubaie, 2011:40).
- 2- A tool to realize the gaps and problems that may appear in the bank's march, as the indicators sound the alarm if the bank faces monetary or profitable difficulties or because of the large number of debts and loans and the problems of financial and monetary hardship and thus warns its management to work to address the imbalance (Al-Rubaie and Radi, 2011:41).
- 3- A tool to identify the financial situation in the bank at a certain moment as a whole or for a certain aspect of the performance of the bank or for the performance of its shares in the financial market on a specific day and a certain period, which gives a partial or complete idea of the financial position of the bank compared to peers in the makers or sector and shows the extent of

the bank's contribution to the economy of the country in which it operates, the value of its shares and its market share in the financial market (Al-Khatib, 2010): 34).

- 3- A tool to motivate employees and management in the bank to exert more effort in order to achieve better financial results and standards than the previous one, which is based on the two main performance elements, namely efficiency and effectiveness, which results in a level of productivity that reflects the results of performance (Taleb and Mashhadani, 2011:45).

Relationship of IFRS to Sustainable Strategic Performance

International Accounting Standards (IAS), currently renamed "International Financial Reporting Standards (IFRSs)", has received worldwide acceptance, and the IPSAS development process in the past few years has been remarkably successful in achieving greater recognition and use of IFRS.

Harmonizing financial reporting around the world is one of the most important needs of this era, especially in light of comparisons aimed at financial information emanating from different countries that use different accounting standards from each other, so there has been an urgent need to mainstream a set of accounting standards from each other. A global convergence towards a common accounting language in the financial world, IFRS seems to be the common language of international accounting.

The researcher believes that the main purpose behind the issuance of these standards is to reach accounting standardization and improve the quality of accounting information and improve the possibility of its use in comparisons on the basis of which the investment of funds is based after the International Federation of Accountants confirmed after reaching the accounting standards to achieve those goals and sought to issue financial reporting standards to reach those goals in order to enhance the confidence of users of financial statements.

IFRS is one of the contemporary tools in modern accounting thought, which aims to improve the quality of accounting performance in institutions in order to achieve the core objectives of the accounting system, as described as a response to the growth and growth of the strategic role in light of the repercussions of international crises and their negative consequences on the reality and future of the economies of developing countries, including Iraq (Al-Kadhimi, 42:2018).

The primary motivation behind the application of IFRS is to achieve the public interest, through the formulation of a set of accounting standards that are



understandable, generally accepted and generally based on clear principles, these standards will produce high-quality information that is transparent and comparable in financial statements in order to help investors and participants in the financial markets to make successful investment decisions, as well as the desire to standardize the language of accounting due to the universality of the markets. Finance, pressures that are exerted by international institutions and organizations as a prerequisite for the provision of assistance such as the World Bank and international finance assistance, improving the quality of financial reporting, and comparability in financial statements between countries (Hooper & Morris, 2004:60).

It is worth mentioning that the application of accounting standards has a prominent impact on the role and performance of institutions in general, especially with regard to the parties associated with these institutions of capital owners, financiers, commercial customers, employees, governments and others, and accounting standards are measures according to which the validity of financial statements is known and whether they are transparent, so accounting standards and rules are no longer an option but an economic, financial and administrative imperative and necessity (Al-Orabi, 2015: 12).

The success of organizations is measured by their performance and depends on their survival and continuity on the level of performance achieved and its quality, and despite the importance of performance for all organizations, writers and researchers have differed in its concept, and its field, some viewed it from a comprehensive point of view, the other from a specialized point of view, some measured it with outputs, the other with processes and the third with both, and for all its justifications and methods (Hashem, 2010:47).

The Role of Financial Reporting Standards in Investor Protection

Investment occupies great importance in all types of economies regardless of their nature and the degree of their economic development, and its importance is due to its effective role in achieving economic development, and all companies seek to attract new investments continuously from many sources, whether in the form of contributions to capital or through borrowing, and therefore the donors of those funds need financial information that enables them to judge the decisions related to investing in the companies to be borrowed, and evaluate what may result from those decisions. The possibilities of success or failure and the amount of expected return from investments or loans granted, and in order to protect the rights of stakeholders, especially investors in

investment companies, this requires the existence of international financial reporting standards IFRS as they contribute to reducing the cost of borrowed capital, as well as determining the methods to be followed to measure the processes and conditions that affect the financial position and business results, as well as the presence of international financial reporting standards IFRS. Contributes to the achievement of financial accounting objectives and the development of a general framework for accounting application (Hammad, 2008:25).

It can be said that IFRS has a prominent role in protecting investors within the capital markets, which provides investors with information to differentiate between available investment opportunities and make rational investment decisions, as well as revitalizing these markets, raising the efficiency of markets and attracting investment to them.

Countries with weak investment laws tend to adopt IFRS voluntarily if the goal is to protect the investor, as IFRS works to provide investors with more comprehensive, quality financial information and has higher comparability and reliability, and these countries also tend to adopt stricter financial reporting standards in order to protect shareholders from financial risks related to their investments and conversely.

The application of IFRS also contributes to the provision of reliable information, including financial reports that are submitted to investors on the stock exchange, which enables the investor to obtain financial and investment statements that are relied on in evaluating available investment projects to accelerate investment decision-making, and many countries also tend to adopt the most stringent international standards in order to protect shareholders from financial risks related to their investments (Rashwan, 2016:97).

Impact of IFRS Application on the Evaluation of Financial Performance

The choice to adopt the International Financial Accounting and Reporting Standards is the result of the desire of various economic and political actors to easily read the financial reports considered by institutions based in various global markets, and it is worth noting that the International Financial Reporting Standards have a great impact on the evaluation of financial performance, the most important of which are:

- 1. Impact of the application of International Accounting Standard No. (1) on the evaluation of financial performance:**



The first International Accounting Standard abolished the concept of exceptional and unusual items during the presentation of the income statement, but the financial accounting system allowed them to appear in the same list, which affects the calculation of the net result of the period and thus on financial performance and financial returns, as for the other concept of comprehensive income, according to the standard a choice is made between the presentation of the gross income statement containing the community income statement, or a separate presentation of the income statement and the gross income statement (Hussein, 2009:87).

2. Impact of the application of International Accounting Standard No. (2) on the evaluation of financial performance:

According to the text of International Accounting Standard No. 2, the determination of the cost of inventories is summarized in two ways: FIFO and CPM only in case of inability to distinguish in kind, with the total deletion of the LIFO method, which was previously used in determining the costs of inventories because they are not in line with the concept of fair value, this results in a difference in the estimation of the latter category, as inventory directly affects the estimation of gross profit and cost of sales, as the inflation of the value of inventory It may sometimes become an administrative objective to record income and gross profit, which in turn leads to the pumping of net profit, and the associated distributions or reductions such as distributions to the owners, thus inflating the profitability by integrating other sales-related costs into the cost of inventory until they are covered by the sale price, since the relationship between gross profit and the cost of sales is inverse, and therefore it can be said that the cost of inventory is one of the exponential determinants of the cost of sales (ibid., 287).).

3. Impact of the application of International Accounting Standard No.

(36) on the evaluation of financial performance:

According to the text of the standard, if some internal or external indicators confirm the existence of a decrease in the value of the asset, then this decrease in value is recognized, as the recognition of the loss of the decrease in the value of assets results in a set of effects on the financial statements, but the focus will be on those affecting the income statement, i.e. on the result and thus the impact on profitability and financial performance, through (Hafsa, 80:2020):

- 1- Recognizing the losses of the decrease in the calculation of the result results in an increase in the expenses of exploitation in the cycle in which the losses occurred and thus a decrease in the result.
- 2- The recovery or recovery of depreciation losses will have an impact on the financial returns of the institution.

3. Impact of the application of International Accounting Standard No. (38) on the evaluation of financial performance:

For the accounting standard number 38The impact of its application on profitability is illustrated by the recognition of the R&D expenses item, where research expenses are recognized as burdens borne by the institution definitively and recorded in the income statement, unlike before.Ibid. 280).

The third section

Analyze the resolution and test the research hypotheses

Statistical description of the study sample members according to personal information:

The questionnaire was distributed to accountants working in Iraqi commercial banks, where (80) questionnaires were distributed to accountants working in commercial banks and we obtained (69) valid questionnaires for analysis, and the table below shows the distribution of the members of the study sample:

Table
Frequencies and percentages by study variables

	Categories	Iteration	Percentage
Sex	male	32	46.4
	female	37	53.6
Age group	20-29	26	37.7
	30-39	22	31.9
	40-49	18	26.1
	50 and above	3	4.3
Years of Service	Less than 5 years old	22	31.9



	From 5-10	21	30.4
	11-15	17	24.6
	16-20	9	13.0
Academic Qualification	diploma	8	11.6
	Bachelor degree	21	30.4
	Master	29	42.0
	DoctorateH	9	13.0
	Other	2	2.9
	Total	69	100.0

1. With regard to the gender variable, we note from the table above that the male category working in Iraqi commercial banks constitutes the largest category, by (6.53).
2. As for the variable of educational qualification, we note from the table above that the category of master's holders in Iraqi commercial banks constitutes the largest category, by (0.42).
3. For the variable years of service, we note from the table above that the sample members of the experience category (5-10) formed the largest percentage, while the experience category of (16-20) formed the smallest percentage.

RESOLUTION ANALYSIS

The questionnaire came to serve as evidence of the impact of compliance with IFRS on the sustainable strategic performance of Iraqi commercial banks, and the following sources were relied on to prepare the study tool, which included books, scientific research, periodicals, articles, various bulletins, letters, university theses and previous studies related to the subject of study, whether in Arabic or foreign, which were reviewed before proceeding with the preparation of this study.

The questionnaire consists of two sections:

Section I: Measures demographic variables (gender, educational qualification, years of service)

Part II: Measures the variables of the independent and subordinate study (compliance with financial reporting standards, sustainable strategic financial performance), and includes three axes, namely:

1. First Theme: Compliance with Financial Reporting Standards: The first axis expresses the degree of compliance of commercial banks with IFRS
2. The second axis: sustainable strategic financial performance: reflects the reality of the sustainable strategic financial performance of Iraqi commercial banks.
3. Third Theme: The Impact of the Application of Financial Reporting Standards on

Sustainable Strategic Financial Performance: The Reflection of IFRS Compliance on the Sustainable Strategic Financial Performance of Iraqi Banks.

SECTION IV CONCLUSIONS

From the above topics of research in the theoretical and practical aspects, which include compliance with international financial reporting standards and their impact on sustainable strategic performance in Iraqi commercial banks, the conclusions reached by the researcher related to the theoretical and practical aspect will be presented as follows:

1. Compliance with IFRS leads to an enabling investment climate in which financial information is secure and transparent, and compliance with IFRS allows multinational companies to apply accounting systems to Iraqi commercial banks and their subsidiaries.
2. Compliance with the Global Financial Reporting Standards qualifies Iraqi commercial banks to make their financial reporting understandable and legible in the global market, and compliance with the Financial Reporting Standards makes financial statements have a positive impact on decision makers and users.
3. Compliance with the standards of financial inclusion leads to Iraqi commercial banks providing an honest picture of their financial situation, measuring their competencies and knowing the change in their financial situation against obligations.
4. Financial statements based on financial reporting standards provide valuable information in decision-making, and the application of financial reporting standards leads to clarity and transparency in the accounting procedures followed in the preparation of financial statements in a way that investors can understand.
5. The application of financial reporting standards contributes to improving the reliability and



reliability of financial reporting, and the adoption of the application of financial reporting standards attracts the foreign investor.

6. The accounting information presented in the financial statements provides important indicators that serve the auditor in assessing the potential risks to which the economic unit may be exposed.
7. The application of financial reporting standards leads to increased scientific and practical qualification and leads to real results.
8. The application of financial reporting standards raises the efficiency of the capital market, which saves positively on investment flows, and financial reporting standards contribute to reducing excessive accounting reticence, which facilitates the procedures accompanying the audit process.
9. The Financial Reporting Standards contribute to improving the quality of financial reports so that they reflect the reality of the economic reality of Iraqi commercial banks, and the Financial Reporting Standards work to find solutions to the dome and problems facing the investor.
10. Compliance with financial reporting standards contributes to an impact relationship between them and sustainable strategic performance.
11. The evaluation of strategic financial performance is one of the fundamental factors and its essence in the development of banking activities as it gives the bank adopting IFRS a competitive advantage over the rest of the banks.

RECOMMENDATIONS

After presenting the conclusions reached in the first section of this chapter, the recommendations complementary to the research will be addressed, the most important of which were:

1. Activating the role of the Iraqi Accounting Standards Board and seeking to legislate accounting standards more than it currently is, and relying on the International Accounting and Financial Reporting Standards (IFRS) and working on them and eliminating conflicts with them, while seeking to harmonize them with the Iraqi environment.
2. The need for Iraqi commercial banks to adopt the International Financial Reporting Standards because of their credibility and general acceptance of financial statements.
3. Work to increase the awareness of employees of Iraqi commercial banks regarding the international financial reporting standards of this bank, through workshops, courses, scientific successes, scientific conferences and investor research.
4. The need to hold training courses and scientific

seminars specialized in training accounting cadres in Iraq on the application of international financial reporting standards in Iraqi commercial banks.

5. The need to support the Iraqi stock market companies listed in it and encourage them to apply international financial reporting standards, which leads to attracting foreign capital and supporting investment.
6. The need for the management of Iraqi commercial banks to adopt a clear policy that takes it upon itself to provide accounting information in accordance with international accounting standards.
7. Raising the level of coordination and interaction between educational and training institutions and private Iraqi banks in order to obtain theoretical knowledge of the practical experience of the employees of those banks.
8. Increased interest in teaching IFRS, which in turn helps to provide the professional side with cadres who have the ability to properly apply these standards.
9. Increasing the awareness of the accounting sector of the importance of scientific research, and the need for their cooperation with researchers because of its benefits and scientific additions for all.
10. The need for more research and studies on the relationship of international financial reporting standards with other dependent variables such as economic development
11. Work to comply with the application of international financial reporting standards because they represent the guarantee of transparency and accuracy of accounting information

LIST OF SOURCES AND REFERENCES

- References

- Quran

First: Arabic Books

1. Hassan, Mohamed Kadri (2015). Outstanding Performance Management - Performance Measurement* Improving Performance Institutionally Individually, Egypt: New University House.
2. Al-Khatib, Mohammed (2010). Financial performance and its impact on corporate equity returns, Jordan: Hamed Publishing and Distribution House.
3. Khatib, Mohamed Mahmoud (2010). Financial performance and its effect On Corporate Equity



Returns, Jordan: Hamed Publishing House and the toziness

4. Rabie, Governor (2011). Banking Governance and its Implications for Performance and Risk, Amman: Dar Al , Yazoui For publication and distribution.
5. Student, Alaa (2011). Corporate Governance and Financial and Strategic Performance of Banks, Jordan: Safaa House for Publishing and Distribution.
6. Student, Alaa and Mashhadani, Farhan (2011). Financial performance and its impact on the returns of shares of companies, Jordan: Safaa House for Publishing and Distribution.

Second: Letters and Treatises

1. Dadan, Abdul Ghani (2006). A Reading on Financial Performance and Value in an Economic Institution, Unpublished Master's Thesis, Ouargla University.
2. Hawthorn, Ikhlas (2018). The Impact of Banking Merger on the Financial Performance of Islamic Banks, Unpublished Message of Mags Terre, Al-Mughar University
3. Orabi, Hamza (2015). The Role of International Financial Accounting and Reporting Standards in Attracting Foreign Direct Investment, International Scientific Conference on: Foreign Direct Investment and Development in the Arab World, Center for Research and Development of Human Resources, Jordan
4. Al-Majrabi, Fatima (2012). The ability of companies listed on the Libyan Stock Exchange to adopt and apply IFRS, Master's Thesis UnMenshe, Middle East University, Jordan

Third: Research and Periodicals

1. Bahri, Ali (2018). Analysis of the financial performance in relation to the economic institution: an applied study in the institution of brood mills 2016-2011, Journal of Law and Humanities, 19(35), 360-320.
2. Hassan, Enas Abdullah (2020). Requirements for University Accounting Education in the Context of the Trend towards Adopting Financial Reporting Standards, Journal of Humanities of Zakho University, 8(3), 464-440.
3. Hafsa, Amina (2020). The impact of the application of IFRS on the evaluation of the financial performance of the enterprise, Journal of Financial and Accounting Studies of the Foundation, 8(1), 287-272.
4. Hammad, Tarek (2008). A Proposed Model for Measuring the Usefulness of Financial Statements in the Light of Recent Changes in Accounting Concepts and Policies, Journal of Accounting Thought 12(1), 40-1.

5. Dawi, Sheikh (2009). Analysis of the theoretical foundations of the concept of financial performance, Journal of the Researcher, (7), 200-220.
6. Rabie, Marwa Ibrahim (2015). The Impact of Adopting a Agile Manufacturing Strategy Without Waste on the Effectiveness of Measuring the Sustainable Performance of the Enterprise: A Case Study on the Holding Partnership for Chemical Industries in Egypt, Journal of the Faculty of Commerce for Scientific Research, 25(1),1-27.
7. Rashwan, Abdulrahman (2016). The Impact of the Application of International Financial Reporting Standards on Reducing the Cost of Capital and its Role in Investor Protection at the Palestine Securities Exchange: A Field Study, Scientific Journal of Business and Environmental Studies, (7), 115-75.
8. Abedi, Ammar (2017). The Role of Banking Process Re-engineering in Achieving Strategic Performance, Journal of the College of Education for Girls for Humanities, (21), 518-501.
9. Al-Ghali, Taher (2012). Approaches to Strategic Decision Making and their Relationship to Performance, Journal of Economic Sciences, 8(29), 89-1.
10. Al-Kadhim, Mohammed (2018). Justifications for Compliance with International Accounting Standards in Light of Changes in the Iraqi Environment, Al-Alam City Magazine, 10 (
11. Maji, Ahmed (2015). The Importance of Applying Financial Reporting Standards and Their Impact on the Quality of Accounting Information A Survey Study of the Opinions of a Sample of Academics and Professionals in Iraq, Al-Ghari Economic and Administrative Journal, 17(1),12-1.
12. Hashem, Sabiha (2010). The Impact of Organizational Culture on Strategic Performance Using the Balanced Scorecard Model, Al-Qadisiyah Journal of Administrative and Economic Sciences, 12(1),

Fifth: Books in English

1. Bensadon, D., Praquin (2016). Ifrs In A Global World: International And Critical Perspectives On Accounting Springer International Publishing, First Edition.
2. Deegan, C (2014). Finanicail Accounting Theory, 4th Edition, Austrialia: Mcgraw-Hill Education.
3. Leventi, Theodosia (2009). The Impacts Of The Implementation Of International Accounting Standards, Mibes.

Sixth: Foreign Periodicals and Research



4. Al-Htabat,K (2018). Ifrs Adoption In Emerging Malets: The Case Of Jordan, Australian Accounting Review,28(1),28-47.
5. Al-Shattarat, H (2016). Assessing The Application Of International Accounting Standards (Ias) In Jordan: Facors Explaining Non- Compliance, Journal Of Modern Accounting And Auditing,12(7),17-27.
6. Al-Shattarat, H (2016). Assessing The Application Of International Accounting Standards In Jordan: Factors Explaining Non-Comp;Ince, Journal Of Modern Accounting And Auditing, 12(7),17-27.



World Economics & Finance Bulletin (WEFB)
Available Online at: <https://www.scholarexpress.net>
Vol. 16, November 2022
ISSN: 2749-3628,