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## Impact of Social Responsibility Accounting Requirements on Integrated Financial Reporting and its Implications for Corporate Value: An Applied Study on Telecommunications Companies

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### **Abstract:**

*This study aims to highlight the significance, concept, and motives behind adopting integrated reporting and its role in conveying information to stakeholders, enabling them to form a comprehensive view of the company's performance. It also seeks to enhance reporting quality by addressing deficiencies present in traditional financial reporting through the implementation of integrated reporting. The study focuses on measuring social performance and reporting it in (Asiacell and Zain Iraq), examining its impact on integrated reporting and its contribution to added value. Given the nature of the problem, the research objective, and its importance, the researcher employs deductive methodology to review and deduce from relevant scientific studies. Additionally, an inductive approach is used to shed light on concepts of corporate social responsibility accounting, integrated reporting, and firm value. The descriptive-analytical method is employed to test the study's hypotheses and draw conclusions through a case study conducted at Asiacell and Zain Iraq. The study leads to several conclusions and recommendations, Traditional financial reports do not provide a complete picture of an economic entity's situation, especially in the long run. This necessitates economic entities to disclose non-financial information (environmental, economic, and social) alongside financial information to meet the information needs of users, utilizing integrated reporting (IR) as an effective contribution to enhancing financial reporting. This is achieved by merging financial information related to economic activities with other non-financial information that improves the company's value.*

**Keywords:** *Corporate Social Responsibility Accounting, Integrated Reporting, Firm Value.*

### **Introduction**

In recent times, economic entities have been facing challenges that necessitate a reevaluation of their information disclosure strategies to meet the demand for information within the context of a constantly evolving global environment that advocates sustainability. This involves taking immediate measures to support the role of financial accounting information systems by introducing improvements to existing reports. This can be achieved by enhancing the disclosure of non-financial information to foster confidence and improve its quality (Al-taee & Flayyih, 2023; Mtani et al., 2023) Connecting strategy with the information presented in reports ensures clarity and consistency over time. This is accomplished by developing the form and content of financial reports while considering the dimensions of sustainability and the strategic direction of the economic entity (Al-Taie & Mahibes, 2011; Khalil & Mahibes, 2022; Khalil & Mahibes, 2022). Reporting on economic entities' responsibilities towards various issues, and demonstrating ethical efforts towards society and the environment, has become essential. This is achieved by focusing on reporting environmental, social, and governance non-financial information.

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Consequently, it has become necessary to enhance reporting to provide not only financial information but also interpretive non-financial information, the majority of which holds a strategic dimension for the economic entity (Flayyih & Khiari, 2023; Franco et al., 2023). This shift signifies the beginning of a new trajectory for companies towards a fundamental social responsibility. Any economic entity primarily holds social responsibility (Alkhafaji et al., 2018; Mahmoud & Mahibes, 2020). The continuity and survival of an economic entity demands its commitment to fulfill social responsibilities while performing its various functions. These functions are the foundation for expansion in integrated reporting, where financial and non-financial information is disclosed. The move towards integrated reporting aims to enhance financial reporting to cater to the needs of users. This ensures the provision of all stakeholders' financial and non-financial information needs, enabling them to gauge the company's ability to create value over time.

The research embarks on addressing the contemporary challenges faced by economic entities in meeting user needs through their current financial reports. These reports fall short in providing comprehensive information that allows users to form a holistic view of the company's performance and its ability to create and sustain value in both the short and long term. This issue is particularly evident in the local environment. Despite significant expenditures on social activities, publicly traded companies often ignore non-financial information, failing to disclose it in their financial statements due to a lack of clear vision regarding social accounting practices. These reports do not offer sufficient information to financial statement users and disregard developments in accounting theory that could help accurately assess information users' needs and formulate financial reporting objectives. Therefore, the research problem revolves around the awareness among stakeholders of the significance of social responsibility and the necessity of reporting it in integrated reports, and whether integrated reports assist information users in making decisions. (Soylemez-Karakoc et al., 2023)

The study holds significance in exploring the novel concept of integrated reporting as a means to enhance the quality of financial reporting. It delves into the potential of employing integrated reporting through social responsibility accounting to meet the information needs of users and align with the calls of professional accounting bodies to enrich the informational content of financial reports with integrated reporting.

With these considerations, the study sets forth two main research objectives: Firstly, to highlight the importance, concept, and motives behind adopting integrated reporting and its role in conveying comprehensive information to stakeholders, enabling them to form a holistic view of the company's performance. Secondly, to enhance reporting quality by addressing deficiencies present in traditional financial reporting through the implementation of integrated reporting.

## **Literature Review**

Several studies have contributed valuable insights into the field of integrated reporting (IR) and its implications for various industries. Landau, Rochell, Klein, and Zwergel (2020) investigated the market valuation of integrated reports that combine environmental, social, and governance (ESG) data with financial information. Their study focused on companies listed in the \*STOXX Europe 50 index, analyzing a sample of 49 companies between 2010 and 2016. The study highlighted challenges in classifying ESG reports and recommended a clear definition of IR to improve report preparation, as the existing IIRC framework lacked clarity. (Kurtenbach & Strong, 2022)

Kiliç, Kuzey, and Uyar (2020) conducted a comprehensive exploration of factors influencing integrated reporting assurance. They employed a descriptive analytical approach and studied all companies

registered in the IIRC database from 2011 to 2016. The research emphasized the growing significance of companies addressing social and environmental concerns in response to stakeholder expectations. The study recommended future investigations to consider external factors like national culture and transparency, which impact integrated reporting assurance.

Serpeninova (2022) delved into the historical development of integrated reporting, employing scientific methods like deduction, induction, and retrospective analysis. The research highlighted the dynamic evolution of the integrated reporting concept and called for further historical research to gain a deeper understanding of its development trends.

Almeida, Pérez-López, and Abreu (2022) centered their study on digital corporate social responsibility (CSR) reporting within the Portuguese water industry. They used a proposed model to assess CSR disclosure and commitment levels of digital companies in line with the GRI sustainability standard. The research analyzed data from annual reports published on company websites and included 15 Portuguese glass water bottle companies. Their findings emphasized the need for clearer government guidance on CSR activities and disclosures to seamlessly integrate CSR into business operations. The study recommended applying their model across industries and expanding research to different countries.

These studies collectively contribute to a broader understanding of integrated reporting's implications, including challenges in classification, assurance, historical development, and its application to diverse industries such as digital companies and the water industry.

## **Theoretical Framework**

### **CSR Accounting**

Over the years, the concept of Corporate Social Responsibility (CSR) in accounting has gained recognition and evolved by providing management with key performance indicators in social, environmental, and economic dimensions. Accountants consider themselves as providing integrated reports that reflect the economic unit's strategy and value. CSR accounting is used as a tool to evaluate the economic unit's performance in the light of its social responsibility.

Given the significant financial, economic, social, and environmental impacts of economic units' decisions, accounting has evolved, leading to the concept of CSR accounting. This concept aims to measure the social effects resulting from economic units' activities, providing information that helps stakeholders evaluate the economic unit's performance and its ability to achieve social well-being for employees, the environment, and the overall community.

### **Definition of CSR**

The definition of CSR for economic units has undergone significant evolution over time and continues to evolve with societal progress and changing expectations. It's worth noting that there's no universally accepted definition, nor is there consensus on a definitive list of issues to be covered. Fundamentally, CSR means that the economic unit distributes profits equitably and professionally to relevant parties, including the community. This emphasizes that actions are not only relevant to direct stakeholders but must be considered more broadly (Matala, 2022: 57).

CSR involves the economic unit's socially responsible actions to enhance and protect the interests of stakeholders who have an interest in the economic unit, the community it operates in, and the surrounding environment." It is "a semi-voluntary strategic commitment by institutions, aligned with prevailing ethical values in societies. It revolves around activities practiced by economic units to serve the community, aiming to achieve societal well-being, environmental preservation, and contribution to

social development beyond a narrow focus on financial aspects (Khawaja et al., 2021: 765).

One of the main challenges facing CSR is that these values are part of self-image and can therefore change. Despite these challenges, CSR represents an important step for economic units that recognize the need to shift towards greater engagement and responsibility towards the external world and stakeholders. This is done by initiating a dialogue around social and environmental concerns and addressing important values and issues. However, CSR reports are just a starting point. The CSR strategy economic units adopt relies on global reporting frameworks like GRI, which provide a framework for reporting economic, social, and environmental issues. This illustrates that economic units use CSR as a comprehensive concept that encompasses social and environmental issues (kelsall, 2019: 14).

### **Importance of Corporate Social Responsibility**

The concept of corporate social responsibility works to improve community conditions and address its issues through contributions to social development. This includes establishing schools, hospitals, water and electricity projects, as well as enhancing aesthetics through public parks and reducing environmental pollution. The importance of adopting corporate social responsibility can be summarized as follows (Saiedan, 2017; Ali et al., 2023):

1. Gaining support at both the community and individual levels for the economic unit and embracing it.
2. Contributing to the economic unit's goals and success.
3. Reducing costs by improving the overall image of products and increasing sales volume.
4. Compensating for deficiencies in laws and regulations related to social responsibility, where social responsibility functions as a societal law.
5. Enhancing economic units' understanding of community details and providing voluntary assistance.

The above points highlight the importance of economic units adopting social responsibility due to the benefits it brings to society. These units can contribute to improving community life by providing high-quality services and products, fostering positive social relationships, and being environmentally conscious. Moreover, economic units can play a significant role in promoting social responsibility and achieving sustainable development. This is accomplished by providing a healthy and safe working environment, adopting ethical and responsible practices, and contributing to solving social issues within the community. Achieving these goals helps build significant relationships with the surrounding community and ensures both economic and social success for the economic unit.

### **Objectives of CSR Accounting**

In general, CSR accounting aims to identify and measure the economic unit's contribution and evaluate its social performance. This involves assessing the alignment of the unit's strategy and goals with societal priorities on one hand, and with the unit's profit aspirations on the other. Among the most important objectives of CSR accounting are (Gray, 2002: 688; wildowicz, 2014: 97):

1. Improving financial decisions for the economic unit, informing shareholders, and determining the impact of activities that affect resources, individuals, and sectors within the community.
2. Evaluating the social performance of the economic unit and assessing the alignment of its strategy and goals with social priorities.
3. Preventing socially irresponsible behaviors.
4. Encouraging institutions to engage in socially responsible activities.

### **Challenges in Implementing CSR Accounting**

Social responsibility accounting faces numerous challenges, as it is difficult to separate social costs from economic costs due to their strong interdependence and the varying interpretations of the concept of

social costs and their measurement. Perspectives on this matter differ from both economic and accounting standpoints. Measuring social returns is more complex than measuring total costs, as some returns may be achieved by external or internal parties to the economic unit, or by both. Moreover, evaluating social returns is critiqued, and measuring overall performance costs and comparing them to the overall benefit the economic unit can gain from such sacrifice is challenging. The inability to measure social costs over a specific period and correlate them with the economic benefits generated within the same period is evident, as some returns may only manifest after a long time (Nazari & Manas, 2019: 70).

Measuring social returns directly, especially using traditional accounting metrics, is difficult, because social returns can take the form of behavioral outcomes that influence psychological and moral aspects, significantly diminishing trust in accounting outcomes. This situation may lead to individuals' satisfaction with the economic unit, reflecting positively by providing necessary resources to the community or creating new markets for its products (Bushentov, 2020: 35).

### **Definition of Integrated Reporting (IR)**

Integrated Reporting (IR) is a modern concept in the accounting field. The International Integrated Reporting Council (IIRC) began promoting the concept of IR in 2010. Integrated reporting is defined as a response to the challenge companies face in creating value and meeting the relevant demands of users of corporate reports. These users seek useful information for decision-making about a company's potential to create value in the future (Haller & Staden, 2014; Flayyih, 2016). It is further described as a more comprehensive form of reporting that addresses shortcomings in traditional reporting and serves the purpose of developing long-term strategies. Integrated reporting represents the latest evolution in a series of innovations proposed to enhance the utility of reports. It relies on a series of core activities based on integrated thinking to produce regular integrated reports that encompass all areas highlighting value creation (Robertson, 2015).

The International Integrated Reporting Council defines integrated reporting as a concise communication about how an economic unit's strategy, governance, performance, and prospects, within its external environment, create, preserve, or erode value over the short, medium, and long term (IIRC, 2021: 10). Idowu & Baldo (2019) defines integrated reporting as a "new approach to prepare reports for economic units that reflects 'integrated thinking' and represents 'how value is created by the economic unit.' Consequently, integrated reporting aims to combine detailed financial information, operational data, and sustainability information, focusing on matters that have a substantial impact on value creation in the short, medium, and long term.

### **Objectives of Integrated Reporting**

The objectives of integrated reporting include providing a comprehensive and transparent framework for reporting on the economic unit's performance. This is achieved by incorporating all the various aspects that influence the economic unit's ability to create value, including social, environmental, economic, financial, intellectual, human, relational, and natural aspects. The primary objectives of integrated reporting include:

1. Providing a necessary framework for systematically considering social and environmental factors in report preparation, allowing for a better explanation of the value creation process in a broader social and economic context.
2. Improving the quality of information available to financial capital providers to enable more efficient and productive capital allocation.
3. Enhancing a more consistent and effective approach to corporate reporting that relies on various report chains, delivering a complete set of factors that materially impact the economic unit's ability

to create value over time.

4. Enhancing accountability and oversight over the broad basis of capital (financial, manufactured, intellectual, human, social, relational, and natural) and promoting an understanding of the interconnections between them (Bhasin, 2017: 19).

### Importance of Integrated Reporting

Preparing integrated reports is a crucial and vital process for economic units. It helps provide a comprehensive and integrated report of their performance, encompassing various aspects that impact their ability to create value. These reports enhance their performance effectiveness and improve relationships with investors, local communities, customers, and employees. The benefits of integrated reporting vary based on the economic unit's requirements and needs, including:

1. Importance for Stakeholders: Integrated Reporting (IR) provides stakeholders, particularly those interested in non-financial information, with a comprehensive view of the economic unit's strategic direction. It serves as a source for making new investment decisions. IR increases the effectiveness of disclosure, showcases the unit's strategy management, governance efficiency, and performance in alignment with its external environment. This contributes to creating value over the short, medium, and long term (Abda, 2019: 16).
2. Importance for Capital-Intensive and Innovative Units: Integrated Reporting is important for economic units with relatively high capital or those open to changes and innovations, especially those aware of social responsibility (Fijalkowska and Sobczyk, 2013: 40).
3. Importance for Employees: Integrated Reporting can be beneficial for employees, allowing them to:
  - Gain insights into future prospects: Integrated reports enable current and potential employees to form a comprehensive perspective on future prospects and discern the alignment of the economic unit's values with their own.
  - Understand connections: Integrated reports help employees understand the connection between functional performance and achieving the economic unit's objectives. This contributes to its value creation and preservation over time (IIRC, 2011: 24).

### Challenges of Implementing Integrated Reporting

Key challenges faced in implementing integrated reporting include:

1. Limited Adoption: Despite the awareness of its benefits and significance, the widespread application of integrated reporting faces difficulties due to the lack of specific and sufficient guidance regarding its preparation, content, and presentation methods, making it understandable to all stakeholders. Additionally, integrated reporting is non-standardized and doesn't follow a specific model. It combines financial and predominantly non-financial aspects, causing management concerns about disclosing certain strategic business model information due to intense competition (Al-Saadi, 2021: 51).
2. Challenges related to Understanding, Flexibility, Integrated Thinking, Form, Trust, and Credibility: Challenges in implementing integrated reporting include issues such as understanding information, achieving flexibility, applying integrated thinking, determining the right form, establishing trust, and maintaining credibility. These challenges are summarized in the table below:

**Table 1.** Integrated Reporting Challenges

Source: Khattea, A. K. (2022). Impact of Cultural Dimensions on the Quality of Integrated Reporting and its Reflection on the Economic Entity's Value (Doctoral dissertation). University of Karbala.

3. Implementing integrated reporting poses a challenge for economic entities in various fields, and among



these challenges that are considered barriers to integrated reporting implementation (Serafeim, 2016: 9).

### **Impact of Using Social Responsibility Accounting in the Content of Integrated Reports for Maximizing Company Value**

Social responsibility accounting influences the content of integrated reports and reflects on the company's value because it provides a perspective for standard-setters regarding the appropriateness and reliability of the provided accounting information. It also serves as an empirical measure of the dimensions considered by standard-setters when establishing reporting rules. This is done to assess the adequacy of financial and non-financial information disclosed in company reports. Integrated reporting, in particular, aims to provide information to investors and stakeholders in an integrated manner through the report's content.

The following table illustrates the content elements that can be referenced when preparing integrated reports:

**Table 2:** Content Elements According to the Integrated Reporting Framework

Challenges	Details
Understanding Information	Understanding information is a critical element in preparing integrated reports.
Flexibility in Application	Information delivery should be consistent with accounting applications to ensure flexibility.
Application of Integrated Thinking	Mature integrated thinking, demonstrated through effective communication, can enhance the decision-making process.
Form and Content	There should be a connection with other report content to achieve effective communication and decision-making efficiency.
Trust and Credibility	Meeting stakeholders' desires for timely, credible information is the foundation of integrated reporting.



NO.	Content Element	Description/Explanation
1	Overview of the Organization and External Environment:	What does the economic entity do and what are the conditions under which it operates? This includes the entity's mission and vision, key quantitative information, important factors affecting the external environment and the entity's response.
2	Governance	How does the entity's governance structure support its ability to create value in the short, medium, and long term? This includes the entity's leadership structure, specific processes and procedures used for making strategic decisions and establishing and monitoring the entity's culture, as well as rewards and incentives related to value creation.
3	Business Model	What is the economic entity's business model? Its business model is the conversion of inputs through its activities into outputs and outcomes aimed at achieving the entity's strategic objectives and creating value in the short, medium, and long term.
4	Risks and Opportunities	What are the specific risks and opportunities that impact the economic entity's ability to create value in the short, medium, and long term, and how does the entity deal with them?
5	Strategy and Resource Allocation	Where does the economic entity want to go and how does it intend to get there?
6	Performance	To what extent has the economic entity achieved its strategic objectives for the period, and what are the results in terms of impact on capitals?
7	Future Outlook (Expectations)	What are the challenges and uncertainties that the economic entity is likely to face in pursuing its strategy, and what are the potential effects on its future business model and performance?
8	Basis of Preparation and Presentation	How does the economic entity determine matters to be included in the integrated report, and how are these matters measured or evaluated?

Source: Khattea, A. K. (2022). *Impact of Cultural Dimensions on the Quality of Integrated Reporting and its Reflection on the Economic Entity's Value* (Doctoral dissertation). University of Karbala.

The content provided in the Integrated Reporting Framework offers additional value to companies and makes information more useful for decision-making compared to traditional financial reports. On the other hand, some studies (Swarnapali, 2018; Diantimala, 2018; Al-Shaer et al., 2016; de Almeida & Dalmácio, 2015) have shown that non-financial information may be more important than financial information. This has been further emphasized by criticisms directed towards the limitations of financial information in annual reports, which often exclude intangible assets from the balance sheet, such as

innovative products and services, high product quality, employee contribution and support of employee skills. Any information with financial value that is not included in the financial statements becomes non-financial information. Therefore, integrated reports can provide a more comprehensive overview of value creation in the company. The integration of financial and non-financial information in integrated reports can improve the role of each by increasing the utility of this information for investors.

The EU's focus on non-financial reporting frameworks and standards aligns with the need for flexibility in preparing non-financial reports to match economic entity requirements, encouraging coordination and comparability (Al-Tamimi & Flayyih, 2013). The integration of financial and non-financial information in integrated reports could enhance the role of both aspects in determining company value by increasing the usefulness of such information for investors. Disclosures of a company's financial information alongside information about its strategy, business model, future outlook, key risks and opportunities, environmental, social, and governance performance in an integrated and interconnected manner could provide a unique and novel informational content not found in traditional reports. Integrated reporting aims to provide a comprehensive view of value creation within the company (La Torre et al., 2020: 7)

## Methodology

The methodology of this research is based on the deductive approach, in terms of reviewing and deducing scientific studies that have addressed the subject of the study, as well as the inductive approach, which is used to highlight the concepts of social responsibility accounting, integrated reporting, and corporate value. The descriptive-analytical approach was used to answer the study's hypotheses and reach the results through a case study in the Asiacell and Zain Iraq companies. The researcher then used a survey to examine a sample of two companies, Asiacell and Zain Iraq, in the telecommunications sector in Iraq. The research period was from December 31, 2012, to December 31, 2022. The researcher also relied on several methods for collecting data and information to cover the theoretical and practical aspects. In the theoretical aspect, the researcher relied on scientific references, including books, research, doctoral dissertations, master's theses, Arabic and foreign journals, as well as laws, regulations, and relevant accounting standards. The researcher also relied on relevant sources on the Internet.

In the data analysis, the researcher relied on the financial statements of the Asiacell and Zain Iraq companies, as well as visits and personal interviews with a number of specialists in the telecommunications field.

## Data Analysis

The researcher aims to measure the impact of Corporate Social Responsibility (CSR) accounting on integrated reports and its reflection on the value of Asiacell and Zain Iraq. The research sample is analyzed through the examination of their financial reports, aligned with the research sample. Integrated reports affect the value of Asiacell and Zain Iraq by improving the information environment, reducing information asymmetry, decreasing reputational risks, enhancing transparency, and linking information cohesively. This improves investors' ability to monitor company operations, ultimately encouraging managers to adopt a long-term decision-making approach that aligns with investors' interests.

Measurement and Presentation of CSR Contribution by Asiacell and Zain Iraq:

This aspect involves measuring and presenting the Corporate Social Responsibility (CSR) contribution of the telecommunications companies Asiacell and Zain Iraq for the period 2012-2022, by examining their financial reports, as outlined in the following table:

**Table 3.** Percentage Change in Corporate Social Responsibility Contribution for Asiacell and Zain Iraq for the Period 2012-2022.

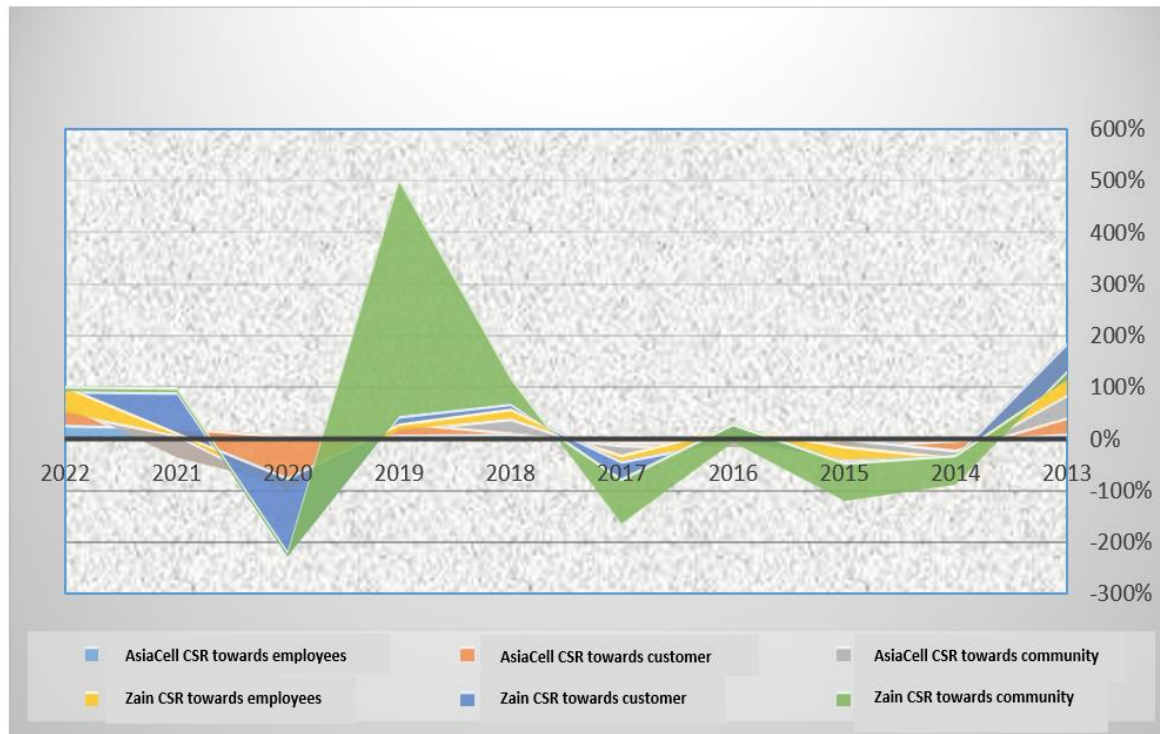
Years	Asiacell				Zain Iraq	
	Towards Employee	Towards Customer	Towards Community	Towards Employee	Towards Customer	Towards Community
2013	12%	30%	44%	100%	- 72%	19%
2014	0%	-21%	-14%	3%	1%	-58%
2015	-13%	15%	-15%	-28%	-4%	-74%
2016	-6%	-9%	37%	-22%	30%	-37%
2017	-7%	-3%	-21%	-11%	-34%	-87%
2018	11%	2%	27%	19%	11%	49%
2019	8%	24%	-14%	13%	14%	457%
2020	6%	-95%	-9%	23%	-152%	10%
2021	22%	-56%	42%	5%	77%	10%
2022	28%	42%	-17%	50%	-9%	10%

Source: Prepared by the researcher

Table 3 indicates that Asiacell's activities are aligned with its social responsibility, aiming to meet stakeholder expectations. Over the long term, this implies providing professional development opportunities for its employees and contributing to the betterment of the community it operates in. A clear reading of the financial statements shows that Asiacell's contribution to social responsibility towards employees signifies its commitment to improving their well-being. The contribution percentage towards employees' social responsibility was 12% in 2013 and increased to 28% in 2022, indicating a rise of 16%. Similarly, the contribution towards customer-oriented social responsibility was 30% in 2013 and reached 42% in 2022, indicating a rise of 12%. However, the contribution towards community-oriented social responsibility was 44% in 2013 and decreased to 17% in 2022, indicating a decrease of 61%.

On the other hand, Zain Iraq's contribution to social responsibility towards employees implies its focus on enhancing employees' material welfare. The contribution percentage towards employees' social responsibility was 100% in 2013 and decreased to 50% in 2022, indicating a decrease of 50%. Additionally, the contribution towards customer-oriented social responsibility was 27% in 2012 and decreased to 9% in 2022, indicating a rise of 18%. Similarly, the contribution towards community-oriented social responsibility was 19% in 2012 and decreased to 10% in 2022, indicating a decrease of 9%. The following chart (Chart 1) illustrates the change percentages for both Asiacell and Zain Iraq's social responsibility over the period 2012-2022.

**Figure 1.** Percentage Change in Corporate Social Responsibility for AsiaCell and Zain Iraq during the Period 2012-2022



Source: Prepared by the researcher

#### Measuring Market Value in Asiaccell and Zain Iraq

The market value of stocks represents the price of a share in the financial market, reflecting the price investors are willing to pay for the company's assets. This price measures the actual trading price of the company's publicly traded shares on the stock exchange at the end of the year. It is calculated by multiplying the number of shares by the closing price of the share on the last day of the fiscal year.

In line with the study's assumptions and objectives, the market value of the company serves as the dependent variable when testing its hypotheses. Similar to numerous studies focused on measuring market value, the researcher chose the Tobin's Q model as a key model for measuring company value. This model is known for its accuracy and widespread use in accounting and finance literature. The Tobin's Q ratio has been widely used in accounting and finance literature, and it is calculated as follows:

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Book Value of Total Liabilities}}{\text{Book Value of Total Assets}}$$

When Tobin's Q ratio is greater than one, it indicates that the market value of assets is higher than their replacement value, implying good company performance, high profitability, and successful investment decisions. This encourages investors to invest in the company. Conversely, if the Tobin's Q ratio is less than one, it suggests that the market value of the company is less than the value of its assets, indicating poor company performance and unprofitability. Investors may avoid investing in such a company.

The following table (Table 4) presents the evolution of the market value for Asiaccell and Zain Iraq, based on data from the period 2012-2022, along with other relevant data for each element.

**Table 4.** Evolution of Market Value and Company Value for Asiacell and Zain Iraq, Research Sample, for the Period 2012 – 2020

Years	Asiacell			Zain Iraq		
	Market Value per Share	Number of Shares (Million)	Company's Stock Price	Market Value per Share	Number of Shares (Million)	Company's Stock Price
2012	22	270012	3.10	—	—	—
2013	18.5	270012	2.57	—	—	—
2014	13	270012	1.89	—	—	—
2015	7.16	310000	1.54	—	—	—
2016	5.3	310000	1.39	3.05	1,829,783	1.99
2017	5.4	310000	1.42	3.30	1,829,783	2.22
2018	7.7	310000	1.68	3.25	1,829,783	2.22
2019	8.65	310000	1.81	2.49	1,829,783	1.76
2020	7.31	310000	1.57	2.35	1,829,783	1.52
2021	7.49	310000	1.76	2.30	1,829,783	1.52
2022	7.5	310000	1.88	2.30	1,829,783	1.51

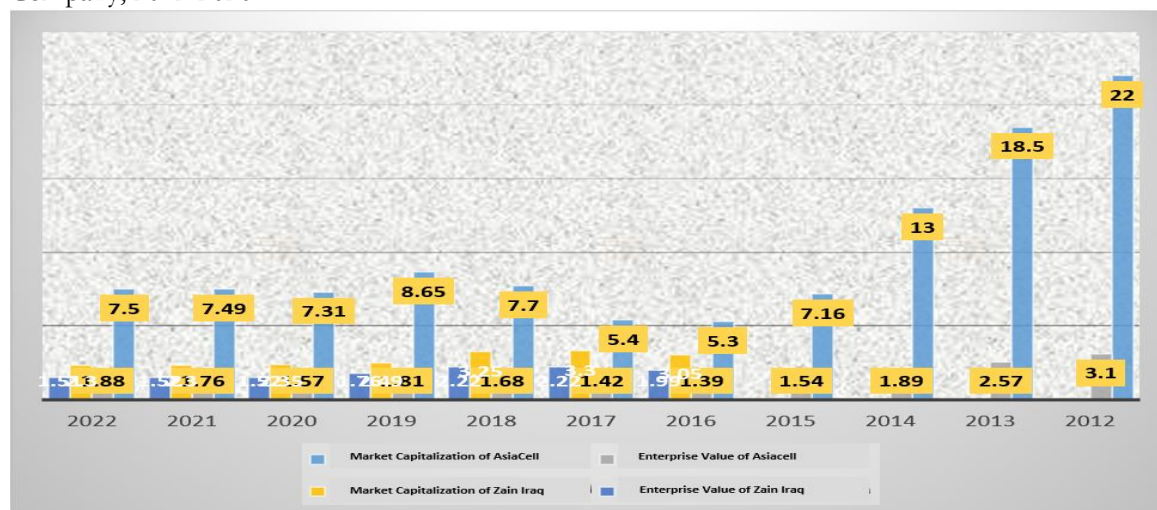
Source: Prepared by the researcher based on Asiacell company data

Table 4 indicates that the Source: Prepared by the researcher company value for Asiacell Company in the research sample during the period 2012-2020 reached its highest level in 2012 at a value of 3.10 per share and its lowest value in 2016 at 1.39. Overall, the company value tends to increase from 2013 to 2022, all of which are above one. According to the Tobin's Q ratio, when the company value is greater than one, it indicates that the market value of assets is greater than their replacement value, which signifies good performance, high profitability, and successful investment decisions by Asiacell Company.

As for Zain Iraq Company, its highest value was in 2017-2018 at 2.22 per share and its lowest value in 2016 at 1.99. According to the Tobin's Q ratio, when the company value is greater than one, it indicates that the market value of assets is greater than their replacement value, which signifies good performance, high profitability, and successful investment decisions by Zain Iraq Company. The following chart illustrates this.



**Figure 2.** Evolution of Market Value and Company Value for Asiacell Company and Zain Iraq Company, 2012-2020



Source: Prepared by the researcher

#### Measuring the Level of Integrated Reporting for Asiacell and Zain Iraq Companies.

Integrated reporting has provided financial and non-financial indicators tailored to the Iraqi environment. It offers detailed information about Asiacell and Zain Iraq companies, such as their geographical location, establishment date, a brief overview of each facility, internal governance, current performance, opportunities and risks, and future activities. All these detailed pieces of information are not provided by traditional financial reports. The implementation of integrated reporting will monitor Asiacell Company and assist it in making strategic decisions for company development or potential investment. It will also help potential investors form a comprehensive image of the company.

In this section, the commitment level of telecommunication companies (Asiacell, Zain Iraq for the period 2012-2022 to Integrated Reporting (IR) is measured by examining their financial reports. These reports are employed in a manner consistent with the research sample, as indicated in the following:

Table 5. Company overview Requirements for Asiacell and Zain Iraq Companies

Years	Company Overview		Internal Environment		Organization and External Environment		Impact of External Environment on Strategy		Governance		Strategic Analysis and Resource Allocation		Risks and Opportunities		Future Outlook (Expectations)		Business Model		Preparation and Presentation Basis	
	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain	Asiacell	Zain
2012	0%	9%	9%	8%	0%	9%	8%	9%	7%	8%	8%	8%	9%	9%	9%	9%	8%	8%	5%	9%
2013	0%	9%	9%	8%	0%	9%	8%	9%	7%	8%	8%	8%	9%	9%	9%	9%	8%	8%	5%	9%
2014	0%	9%	9%	9%	0%	9%	8%	9%	7%	8%	8%	8%	9%	9%	9%	9%	8%	8%	5%	9%
2015	0%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	8%	9%	9%	9%	9%	8%	8%	5%	9%
2016	0%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	8%	9%	9%	9%	9%	8%	8%	5%	9%
2017	0%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	10%	9%	9%	9%	9%	8%	8%	5%	9%
2018	11%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	10%	9%	9%	9%	9%	8%	10%	5%	9%
2019	11%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	10%	9%	9%	9%	9%	8%	10%	5%	9%
2020	11%	9%	9%	9%	0%	9%	8%	9%	7%	9%	8%	10%	9%	9%	9%	9%	8%	10%	5%	9%
2021	33%	9%	11%	10%	50%	9%	15%	9%	19%	9%	14%	10%	11%	9%	11%	9%	14%	10%	26%	9%
2022	33%	9%	11%	10%	50%	9%	15%	9%	19%	9%	8%	8%	11%	9%	11%	9%	14%	10%	26%	9%

Source: Prepared by the researcher based on the calculator results.

Table 5 Indicates the following:

- 1- The disclosure ratio of disclosed indicators to undisclosed indicators for value-relevance requirements in 2012 was 0% for both companies (Asiacell and Zain Iraq). However, in 2022, it increased to 33% for Asiacell and remained stable at 9% for Zain Iraq.
- 2- For regulatory and external environment requirements, the disclosure ratio increased from 9% in 2012 to 11% in 2022 for Asiacell, and from 8% in 2012 to 10% in 2022 for Zain Iraq.
- 3- Regarding governance requirements, the disclosure ratio increased from 7% in 2012 to 19% in 2022 for Asiacell, and from 8% in 2012 to 9% in 2022 for Zain Iraq.
- 4- The disclosure ratio for strategy analysis and resource allocation requirements remained stable at 8% for both Asiacell and Zain Iraq in both 2012 and 2022.
- 5- For risk and opportunity requirements, the disclosure ratio increased from 9% in 2012 to 11% in 2022 for Asiacell, and remained stable at 9% for Zain Iraq.
- 6- The disclosure ratio for future outlook (expectations) increased from 9% in 2012 to 11% in 2022 for Asiacell, and remained stable at 9% for Zain Iraq.
- 7- For business model requirements, the disclosure ratio increased from 8% in 2012 to 14% in 2022 for Asiacell, and from 8% in 2012 to 10% in 2022 for Zain Iraq.
- 8- The disclosure ratio for foundation and presentation increased from 5% in 2012 to 26% in 2022 for Asiacell, and remained stable at 9% for Zain Iraq.

Correlation Relationship Between Study Variables:

Table (6) presents the correlation matrix that shows the relationship between the independent explanatory variables and the dependent response variables.

Through the observation of this matrix, it becomes evident that these relationships are statistically acceptable. As shown in the previously mentioned table.

**Table 6.** Correlation Matrix between Independent Variables and Performance Quality Variable

Variables	Z-score
Corporate Social Responsibility Accounting (Y1)	0.587**
Integrated Reporting (Y2)	0.729*

Source: Prepared by the researcher

Where N = 65

= Significance at (0.01)

\* = Significance at (0.05)

To ensure the significance of the correlation between the independent variables and the performance quality variable in the researched sample, the t-test and P-value were utilized. After conducting the test,



the results were obtained as presented in Table (11).

**Table 7.** Correlation Coefficient, t-value, and P-value between Independent Variables and Performance Quality

NO.	Variables	Correlation	critical	t-	P-	Level of	Confidence	Description
			value	value	value	significance	interval level	
1	Y1 – Z	0.587	5.75	1.67	0.007	0.01	0.99	Significant
2	Y2 – Z	0.729	8.45	1.67	0.023	0.05	0.95	Significant

Source: Prepared by the researcher

All of the relationships have shown statistical significance, indicating a genuine connection between the dimensions of independent variables and the performance quality variable in the studied sample.

Here are the results of the secondary research hypotheses tests:

1.  $H_{1a}$ : There is a significant relationship between corporate social responsibility variables and firm value and performance.

After linking the questions related to the variables and using the correlation coefficient ( $r$ ), the computed correlation coefficient was 0.587, which is below the significance level of 0.01 and within the confidence interval of 0.99. The calculated t-value was 5.75, greater than its critical value of 1.67. The corresponding p-value was 0.007, which is less than the significance level of 0.01. Therefore,  $H_{1a}$  is accepted, indicating the need to use ethics in work and credibility in the sample in order to contribute to improving performance quality in healthcare institutions.

2.  $H_{1b}$ : There is a significant relationship between integrated reporting variables and firm value.

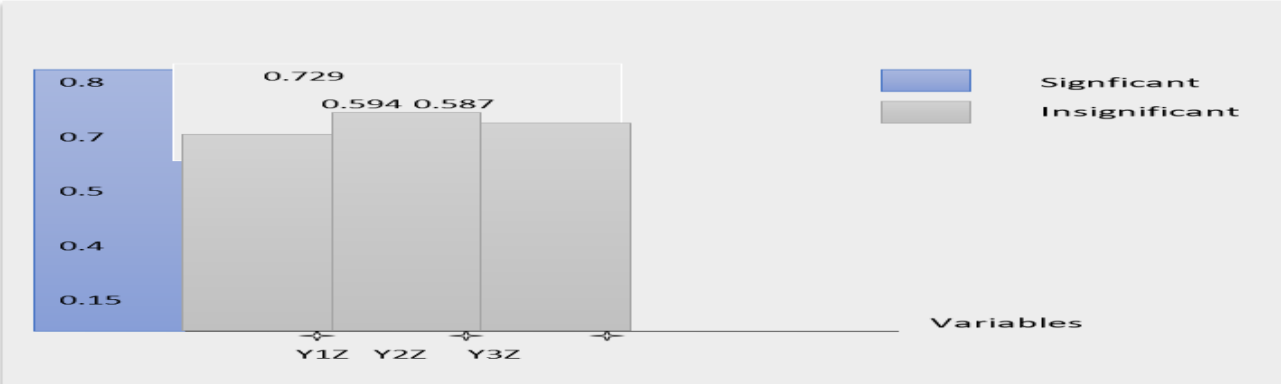
After linking the questions related to the variables and using the correlation coefficient ( $r$ ), the computed correlation coefficient was 0.729, below the significance level of 0.05 and within the confidence interval of 0.95. The calculated t-value was 8.45, greater than its critical value of 1.67. The corresponding p-value was 0.032, which is less than the significance level of 0.05. Therefore,  $H_{1b}$  is accepted.

3.  $H_{1c}$ : There is a significant relationship between corporate social responsibility variables, integrated reporting variables, and firm value.

After linking the questions related to the variables and using the correlation coefficient ( $r$ ), the computed correlation coefficient was 0.594, below the significance level of 0.01 and within the confidence interval of 0.99. The calculated t-value was 5.86, greater than its critical value of 1.67. The corresponding p-value was 0.005, which is less than the significance level of 0.01. Therefore,  $H_{1c}$  is accepted, indicating that appropriate and accepted performance criteria in the sample contribute to improving the quality of healthcare service performance.

These results can be represented as follows:

**Figure 3.** Arrangement of Independent Variables According to their Correlation Degree with Performance Quality Variables based on Correlation Coefficient ( $r_s$ )



Source: Prepared by the researcher

The correlation between independent variables and performance quality is illustrated in Table (8) and Table (13), which present matrices for the correlations between explanatory independent variables and response variables.

**Table 8.** Correlation Matrix of Explanatory Independent Variables

Variables	Corporate Social Responsibility Accounting (Y1)	Integrated Reporting (Y2)
Corporate Social Responsibility Accounting (Y1)	1.00	0.601**
Integrated Reporting (Y2)	0.601**	1.00

Source: Prepared by the researcher based on the computation results.

Where N = 65

\*\* denotes significance level at (0.01)

**Table 9.** Correlation Matrix for Performance Quality (Dependent Variable)

Z-score	Variables
1.00	Quality of Variable Z

Source: Prepared by the researcher based on the computation results.

Where N = 65

\*\* denotes significance level at (0.01)

It is evident from the mentioned tables that there is a significant relationship between the explanatory variables among themselves and they exhibit a response with each other. The significance level is below 0.01 for all of them, which indicates the significance of the independent variables collectively in improving the company's value as a dependent variable.

## Conclusion

Traditional financial reports do not provide a complete picture of the economic entity's status, especially in the long term. This necessitates economic entities to disclose non-financial information (environmental, economic, and social) alongside financial information to meet the information needs of users. This is achieved through the Integrated Reporting (IR) model, which offers a comprehensive framework for disclosing non-financial information. Social reporting is not intended to replace the financial reporting system but rather complement it by providing additional insights into various aspects of the entity's activities not covered by financial reporting. Integrated Reporting contributes effectively to enhancing financial reporting by merging financial information related to economic activities with other non-financial information that improves the company's value. Based on the foregoing, those preparing reports should avoid dual reporting to enhance the communication method with users. Currently, users have to refer to hundreds of pages of reports to gather necessary information for making decisions related to the economic entity. It's worth noting that the evolutionary theory is also the strongest in the field of report preparation. The importance of integrated reporting and highlighting its positive impact on companies due to their commitment to implementing both financial and non-financial reports should also be emphasized. This aligns with the global trend of increased interest in applying such reports. Economic entities should be educated about the concept and significance of social responsibility accounting and work towards establishing principles, standards, and accounting models that aid in its implementation.

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