الإبلاغ المتكامل كمدخل مقترح للتغلب على قصور التقارير المالية في ظل تطور النظرية المحاسبية-دراسة تطبيقية في شركات الاتصال في البيئة المحلية

حنان عادل مجيد

أ. م. د إلهام محمد واثق

جامعة بغداد/كلية الإدارة والاقتصاد

ECONOMICS AND ADMINISTRATIVE STUDIES JOURNAL (EASJ)
EISSN: 3005-3625, PISSN: 2790-2560, DOI: http://doi.org/10.58564/EASJ/3.1.2024.14

Integrated reporting as a proposed approach to overcome the shortcomings of financial reporting in light of the development of accounting theory - an applied study in communication companies in the local environment

الابلاغ المتكامل كمدخل مقترح للتغلب على قصور التقارير المالية في ظل تطور النظرية المحاسبية-دراسة تطبيقية في شركات الاتصال في البيئة المحلية

Hanan A. Majeed *
Assistant Prof. Dr. Elham Mohamed Wathiq
Al-iraqia University, College of Administration and Economics,

حنان عادل مجيد *
أ. م. د إلهام محمد واثق
الجامعة العراقية / كلية الإدارة والاقتصاد

تاريخ النشر: 2024/03/01 | تاريخ القبول: 2023/10/10 | تاريخ الاستلام: 2023/09/14
Received: 14/09/2023 | Accepted: 10/10/2023 | Published: 01/03/2024

Abstract:

This study aims to take a look at the changing nature of accounting since its emergence, determine the requirements of the current situation, what issues need to be addressed, and anticipate a future outlook for its requirements through the most important developments that occurred in it, which were reflected in the expansion of financial reporting, as well as explaining the importance, concept, and motivations for adopting integrated reporting and its role in Communicating information to stakeholders to enable them to form an integrated picture of the performance of economic units. In light of the nature of the problem and the goal and importance of the study, the researcher relies on the deductive approach in terms of reviewing and deducing scientific studies that dealt with the subject of the study, as well as the inductive approach through which the concepts of integrated reporting and the development of accounting theory are shed light. The descriptive analytical method was used to answer the study hypotheses and reach the results through a case study in the company Asiacell and Zain Iraq. The study reached a set of conclusions and recommendations, the most important of which are: Using the standard approach in building accounting theory enables defining the basic concepts and general objectives of accounting theory and is based on its internal validity represented by the logical consistency between the elements of the theory at the expense of its complete lack of external validity in the development of accounting theory. As for integrated reports, they help the company, the research sample, in revealing current, unforeseen problems in addition to expected future problems that are not provided by traditional financial reports, to help the company solve and avoid those problems. The research

*Corresponding Author Email: nnosa582@gmail.com

recommends the need to take into account the development in accounting theory as a result of the variation in environmental conditions surrounding the economic unit that affects the possibility of making a comparison between methods and alternatives of accounting measurement and evaluation, and a framework for comparison between them must be determined that is based on scientific foundations.

Keywords: integrated reporting, accounting theory

Introduction

Every field of knowledge is born and developd to understand a phenomenon better. It is important to understand the origin of the phenomenon and how it appeared and determine the stages of its development and based on that whether it is possible to achieve further developments. Therefore, the development of accounting thought has been since the emergence of accounting in several stages, the beginning of which was the technical stage. Or professional, then it was followed by the academic stage, then came the information systems stage, followed by the social responsibility accounting stage, and as is generally agreed upon, especially in the past decade, economic unit reports sought their limits beyond “traditional” economic and financial communication, including what is generally known as information. Non-financial, as the media contents of the non-financial field in the first stage mainly referred to the disclosure of risks and related confrontation policies, and within the framework of economic units’ efforts to improve their image in society, many of them directed towards adopting the principles of social responsibility in its multiple dimensions. Reporting on social responsibility requires economic units to account for these costs in what is conventionally called social responsibility accounting, for the purpose of counting the costs of social responsibility, classifying them at the level of their various fields, and presenting them in the financial statements. Recently, it has begun to include and disclose information related to environmental and social sustainability. However, no theory can fully describe the complexity of social reality. The needs of stakeholders are dynamic and change over time, and therefore economic units also need to change the way they transfer information to them. Previously, stakeholders were primarily interested in financial data, but now there is a growing interest in other regulatory and non-financial aspects, such as social, and environmental consequences, through the development of corporate reporting and the creation of a link between the development of financial and non-financial reports, which led to the emergence of integrated reporting - integrated reporting and its development. These types of reports, along with modern financial reporting, are a result of the industrialization process and technological advancement nowadays, which requires providing investors and stakeholders with more information related to environmental, social and governance aspects that affect the process of obtaining the information required for decision-making.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Methodology

Research problem

Although joint stock companies spend unspecified amounts on environmental, social , and economic activities, they do not disclose them independently in their financial statements because they do not have a clear vision of the importance of applying social accounting, as these reports do not provide sufficient information to users of the financial statements as well as Weak use of the developments that have accompanied accounting theory to estimate the needs of information users with a level of accuracy and formulate financial reporting objectives that meet their needs. Therefore, the research problem can be crystallized as to the accounting development that led to the increasing growth in information in forms different from those used by stakeholders has contributed to Identifying and justifying justify the emergence of a new type of reporting according to what is called integrated reporting?

The importance of the research

Concentrating the belief of the economic unit in the importance of integrated reporting, as it has a role in enhancing the confidence of those dealing with it and which is of great importance to society, and the emphasis on the changing nature of accounting and business, which controls the agreed-upon rules and method of reporting the economic units and their continuous work in change, which directs them towards reporting normal activities. It even goes beyond reporting non-financial activities as part of the natural development in accounting

Research objective

The research aims to take a look at the changing nature of accounting since its emergence, determine the requirements of the current situation and what issues need to be addressed, and anticipate a future outlook for its requirements through the most important developments that occurred in it, which were reflected in the expansion of financial reporting, as well as explaining the importance, concept, and motivations for adopting integrated reporting and its role in communicating information. To stakeholders to enable them to form an integrated picture of the performance of economic units.

Research hypotheses

Based on the problem that this research seeks to answer, the researchers formulated the main hypothesis of the study:

- There is a significant effect of applying the development of accounting theory in integrated reporting as an approach to overcoming the shortcomings of financial reports.

- There is a statistically significant correlation to the development of accounting theory in integrated reporting as an approach to overcoming the shortcomings of financial reporting.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Search limits

.1Spatial boundaries: the communications sector in the local environment

2. Time limits: The research period was set from (12/31/2012) to (12/31/2022)

Literature Review

Several studies have contributed valuable insights into the field of integrated reporting (IR) and its implications for various industries.

1- 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.

2- 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.

3- 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.

4- 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.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Theoretical Framework

Knowledge foundations for integrated reporting

Many economic units have moved towards integrated reporting that seeks to link financial and non-financial information. In this context, the concept of integrated reporting will be discussed, in addition to other issues related to it.

The origins of integrated reporting and the stages of development

The idea of moving towards integrated reporting in the field of accounting and reporting was initiated by the growing interest in sustainability and social responsibility information in companies and other economic units. In recent years, many international and national economic units have developed guidelines and standards for integrated reporting, and the International Integrated Reporting Council (IIRC) and a number of global accounting organizations have established an initiative to promote the use of these standards and guidelines. The initiative mentioned is the International Integrated Reporting Council (IIRC), which aims to promote the use of integrated reporting that combines financial and non-financial information in preparing annual reports for other economic units. The initiative works to develop guidelines and standards for integrated reporting, and encourages companies and economic units to adopt this approach in their annual reports. The initiative is launched by a non-profit organization that operates globally, and includes representatives of companies, economic units, investors, accountants, and other parties interested in developing and enhancing integrated reporting (IIRC, 2021). In this way, the idea of integrated reporting began to emerge as an important tool for improving the transparency and reliability of financial and non-financial reporting and enhancing confidence in companies and economic units. However, the history of integrated reporting goes back in time to a period prior to the IIRC initiative, when major economic units began disclosing sustainability and social responsibility information. . In fact, the initial sustainability and social responsibility reports issued separately alongside the annual financial report represented the first of today's integrated reports (Dragu & Tiron, 2013: 1221).

The first phase: Non-financial reports initiative

Economic units have witnessed increasing demands by stakeholders to audit the social and environmental impacts of their activities more intensively. As a result, economic units have been called to include new responsibilities in their decision-making processes and new duties towards stakeholders and society as a whole, which can be resumed under the umbrella of the concept of social responsibility of economic units (CSR). Companies integrate social and environmental concerns into business operations and into their interactions with stakeholders on a voluntary basis (Ramasatry, 2015: 242).

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

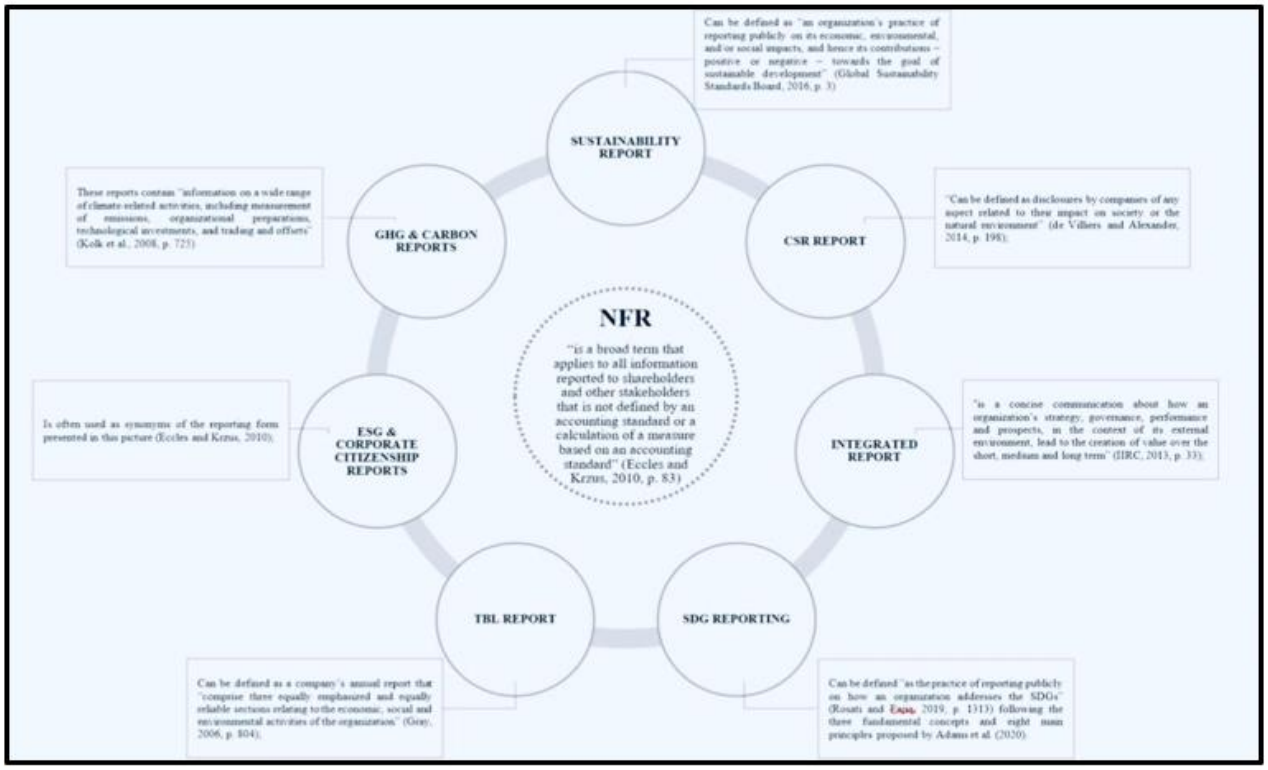

Figure (1) Main types of non-financial reports

Source: (Turzo, T. (2022). Non-financial reporting research and practice: Lessons from the last decade. Journal of Cleaner Production, 324, 129142. https://doi.org/10.1016/j.jclepro.2021.129142)

Figure 1 presents an overview of the different types of non-financial reports and their subcategories. Non-financial reports are documents that provide information about the performance of the economic unit in the environmental, social, and administrative fields, in addition to its financial performance. The figure shows that there are seven main categories of non-financial reports, which are sustainability reports, social responsibility reports for economic units, integrated reports, sustainable development goals reports, triple line reports, environment and corporate responsibility reports, and greenhouse gas and carbon reports. Understanding the types and subcategories of non-financial reporting can be useful to economic units and stakeholders who wish to evaluate an economic unit's performance beyond financial metrics. (Campra et al., 2019: 4)

Phase Two: Sustainable Reporting - The Era of Sustainability

Non-financial reporting and its focus have evolved through several stages. In the past, traditional financial reporting in Western countries was supplemented by additional social reporting. The focus then shifted towards environmental issues such as emissions and waste generation, replacing previous social reports. Hence, reporting of research and practice has increasingly begun to consider the social and environmental dimensions simultaneously, in a joint report often published alongside traditional financial reports (Hahn & Kuhnen, 2013: 2)

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Phase Three: The Integrated Reporting Revolution

The history of social and environmental reporting goes back a long way. Initially, these reports were included in the annual financial reports of economic units. In the past two decades, social and environmental reporting has begun to appear through separate, independent reports or via websites (Cho el at., 2009: 935).

These reports were more complex, took longer, and covered a wide range of issues to meet the information needs of interested parties. The need to integrate financial and non-financial information emerged in accordance with the complexities and length of preparing these reports. From this perspective, recent movements to integrate financial, environmental, social, and administrative information into One report, gave rise to the integrated report (Villiers el at.,2014: 2).

The concept of integrated reporting

The concept of integrated reporting is one of the modern concepts in accounting thought, as the International Integrated Reporting Council (IIRC) began in 2010 to promote the concept of integrated reporting (IR). Integrated reporting has been defined as a more comprehensive form of reporting that has been resorted to address the shortcomings of traditional reports and for the purpose of developing... A long-term strategy and is the latest development in a long series of proposed innovations for preparing reports that seek to improve their usefulness and depends on a series of basic activities based on integrated thinking to produce an integrated and periodic report that includes all areas that highlights value creation (Robertson, 2015, 46).

Baldo (2022) defined integrated reporting as “a new approach to reporting for economic units that reflects “integrated thinking” and represents “how the economic unit creates value.” It follows that integrated reporting aims to combine detailed financial information, operational data, and sustainability information in the pursuit of companies. To focus only on those matters that have a material impact on the ability to create value over the long term (Idowu & Baldo, 2019: 1).

Integrated Reporting Framework (IR Framework)

Integrated reporting is initiated with an addendum to the Integrated Reporting Framework, which helps preparers develop an appropriate transition plan for transitioning to integrated reporting. In 2021, the International Integrated Reporting Council (IIRC) published an updated International Framework for Integrated Reporting, which replaces the original 2013 version. Noting that the term “Framework” is a complement to the <IR> framework, this guide helps preparers develop An appropriate transition plan for integrated reporting. It is also worth noting that this guide was written in the context of the private sector and for-profit companies, and it can also be applied by the public sector and non-profit economic units (IIRC, 2021, 2). As follows:

First: Fundamental Concepts

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Preparing integrated reports contains many important objectives, including displaying and focusing on the added value created by capital and linking the added value resulting from different types of capital and the business model and its strategic development as follows:

1. Creating value for the economic unit and for others

Value creation means the total value created by the activities of an economic unit) and includes the total returns attributable to employees, of financial capital, the state and society. The value created by an economic unit appears over time, through increases, decreases, or shifts in capital, resulting from the business activities and outputs of the economic unit (Haller & Staden, 2014: 1192). As shown in the following figure:

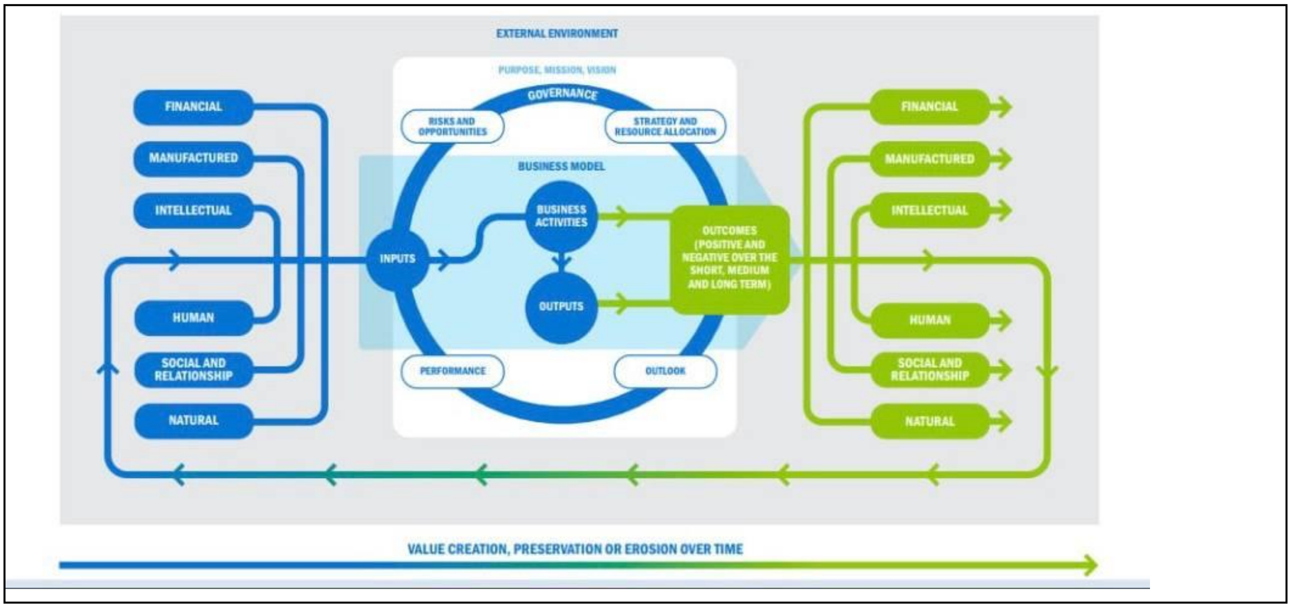

Figure (2) The value creation process for the economic unit

Source: (IIRC,2021, " INTERNATIONAL IR FRAMEWORK", Available at:
https://www.integratedreporting.org/wpcontent/uploads/2021/01/InternationalIntegratedReportingFramework.pdf :22)

From the previous figure, it is clear that due to the needs of the value creation process, financial, manufactured, intellectual, human, and social capitals and the relationship of the economic unit were identified as inputs into the business model of the economic unit and its interactions with the outside and the environment to produce outputs again through the six capitals.

2. Capital

All economic units depend on different forms of capital for their success, and the Integrated Reporting Framework identifies six capital values: (financial capital, manufactured capital, intellectual capital, human capital, social capital,

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

relationships, and natural capital). The following table is a summary of the capital and issues identified by the six capital values, as follows:

Table (1) Classification of capital and the issues it covers

NO.	Capital	The issues it covers
1	Financial capital	Financial means to maintain and expand an economic unit, such as money through financing (stocks or loans) or internally generated funds
2	Factory capital	Manufactured includes the physical infrastructure of an economic unit, along with the associated technology, tools and equipment or the actual goods produced.
3	Intellectual capita	Intellectual Intangible assets associated with the brand and reputation of the economic unit include patents, copyrights, regulatory systems, policies and procedures
4	Human capital	Human includes the skills and knowledge of employees of the economic unit, including their motivation and commitment that affect their ability to utilize their skills and experience
5	Social capital and relationships	Social capital social relationships includes relationships and resources between the economic unit and its stakeholders including shareholders, customers, suppliers, government and society
6	Natural capital	Natural resources, such as water, air, fossil fuels, solar energy, and crops, cannot be easily replaced and are vital to the normal functioning of the planet

Source: (Crowther, David,2021, The Palgrave Handbook of Corporate Social Responsibility, De Montfort University Leicester, UK:756)

3. Business model

The concept of the business model became mainstream after the advent of the Internet in the mid-1990s, and has gained significant momentum since then and many academics and practitioners have focused their attention on the concept of the business model without agreeing on a common definition (Zott et al., 2011: 7). The International Sustainability Reporting Initiative (IIRC) has provided its own definition of a business model, which is defined as "the chosen system of business inputs, activities, outputs and outcomes aimed at creating value in the short, medium and long term" (IIRC, 2013: 6).

Second: Guiding Principles

The integrated reporting framework includes seven principles for how to prepare and need to report, as shown in the table and as follows:

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table (2) Guidelines according to the Integrated Reporting Framework

NO.	Principle	Interpretation of the principle according to the IR framework
1	Strategic focus and future direction	The integrated report should provide insight into the economic unit's strategy and how it relates to its ability to create value in the short, medium and long term, as well as its connection to and impact on the heads.
2	Interconnection between information	The integrated report should show a comprehensive picture of the combination, connections and dependencies between the factors that affect the ability of the economic unit to create value over time.
3	Relationships of interested parties	The integrated report should provide insight into the nature and quality of the economic unit's relationships with its key stakeholders, including how the economic unit understands and responds to its legitimate needs and interests.
4	Suitability	The integrated report should disclose information about issues that materially affect the ability of the economic unit to create value in the short, medium and long term.
5	Abbreviation	The integrated report should be brief.
6	Reliability and completeness	The integrated report should cover all material issues, both positive and negative, in a balanced manner and without fundamental errors.
7	Consistency and comparability	Information in the integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a manner that permits comparison with other economic units to some extent if this is material to the ability of the economic unit to create value over time

Source: IIRC. (2021). INTERNATIONAL <IR> FRAMEWORK, Available at: https://www.integratedreporting.org/wpcontent/uploads/2021/01/InternationalIntegratedReportingFramework.pdf (accessed 5 May 2023), p25-37)

Table (2) shows the principles of integrated reporting, and includes seven principles that include clarifying the strategy and its connection to value creation in the short, medium and long term. The report also explores stakeholder relationships and issues of how an economic unit impacts its ability to create value. The report should be concise, comprehensive and comparable to other institutions.

Third: Content Elements

Integrated reporting includes eight content elements that can be used as guidance when preparing it, as represented in the table as follows:

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table 3 Content elements according to the integrated reporting framework

NO.	Item name	Content elements
1	Overview of the organization and external environment	What does an economic unit do and what are the conditions under which it operates? The mission and vision of the economic unit include key quantitative information, important factors affecting the external environment and the response of the economic unit.
2	Governance	How does the governance structure support the unit and its ability to create value in the short, medium and long term? It includes the unit's leadership structure, the specific process and procedures used to make strategic decisions, establish and monitor the unit's culture, and the rewards and incentives associated with value creation.
3	Business model	What is the business model of the economic unit? Its business model is to transform inputs through its activities into outputs and results that aim to achieve the unit's strategic goals and create value in the short, medium and long term.
4	Risks and opportunities	Integrated reporting should answer the following question: What are the specific risks and opportunities that affect the ability of the economic unit to create value in the short, medium and long term and how does the economic unit address them?
5	Strategy and resource allocation	Integrated reporting should answer the question: Where does the economic unit want to go and how does it intend to get there?
6	Performance	The integrated report should answer the question: To what extent did the economic unit achieve its strategic objectives for the period and what were its results in terms of impacts on capital?
7	Future outlook (expectations)	Integrated reporting should answer the question: What challenges and uncertainties is the economic unit likely to face in pursuing its strategy and what are the likely implications for its business model and future performance?
8	Basis of preparation and presentation	Integrated reporting should answer the question: How does the economic unit determine what matters should be included in integrated reporting and how are these matters measured or evaluated?

Source: IIRC. (2021). INTERNATIONAL IR FRAMEWORK", Available at: https://www.integratedreporting.org/wpcontent/uploads/2021/01/InternationalIntegratedReportingFramework.pdf (accessed 5 May 2023), p38)

Preparing integrated reporting reports

Preparing integrated reporting (IR) reports took a different path from preparing traditional financial reports. When preparing or improving integrated reporting, the five procedures described as follows should be taken into account (John el at., 2018:4-18):

1- Motivating integrated thinking: The International Council for Integrated Reporting defines integrated thinking as "an active interest by the unit in the relationships between its various operational and functional units and the capital that the unit uses or influences, which leads to making integrated decisions and actions that take into account the creation of value in the short term." This requires a strong commitment from the CEO who is ultimately responsible for the message that the economic unit sends to all stakeholders. Therefore, the decision-making process should take into account many internal and external factors, taking into account the independence and trade-off between each case.

2- Comparability across reports/integrated: The full value of integrated reports will be achieved when they are reliable and comparable to financial reports, where reliability stems from the fact that the reports have been

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

prepared in accordance with generally accepted accounting standards (for example, IFRS or Accounting Principles). generally accepted in the United States). Due to a lack of guidance and generally accepted standards for measuring and reporting non-financial information, economic units struggle to measure and communicate information that is important in providing a comprehensive picture of value creation within them.

3- Obtaining high-quality data: Internal controls over non-financial data are not as effective as controls over financial data, and data quality may prevent the reporting of some non-financial information as well. Data quality represents a challenge to the ability of independent auditors to provide positive assurance on non-financial information. Therefore, significant investments in data collection, storage and analysis systems are needed to ensure the quality of this data. Therefore, using the International Integrated Reporting Board's model reporting database as a guide for collecting data and examining integrated reporting for units. Economic counterparts are essential.

4- Understanding the audience: Report preparers should be aware of the target audience of the report, as the International Council for Integrated Reporting's framework describes "integrated reporting" as a tool for communicating value creation to investors. The essence of value creation resulting from the integration of financial and non-financial aspects is to maintain the traditional audience of providers. Capital, if properly operated, allows for the possibility of increasing the usefulness of decision-making information for investors by fully representing operations.

5- Referring to credibility during confirmation: Confirmation represents a process performed by a competent and independent external party to obtain appropriate and sufficient evidence and express a written conclusion that enhances the degree of confidence that users can place in the integrated economic unit report.

Development of accounting theory

Accounting thought, practices and procedures have evolved in response to changes in the environment and the needs of society, as the development of accounting and accounting theory can be traced back to (Fashami, 2021: 40):

Before 1494: called the period of development. From 1495-1800: called the pre-theoretical period. From 1801-1955: called the period of general descriptive theory. From 1956-1970: called the period of general theory. After 1970: called the period of specific descriptive theory.

The global financial crisis of 1929 is considered the largest event in the development of accounting theory, as the collapse of the New York Stock Exchange (NYSE) reduced the reliability of information in financial statements due to the lack of standardization of accounting practices and the lack of comparability of information. Regulations were intensified due to the collapse of the NYSE, especially after the approval of the Securities Act. Finance in 1933 and the Securities Act in 1934, which stipulated that reasonably sufficient information should be provided to make an investment decision (de Iudícibus et al., 2022:112).

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

In the 1940s through the 1960s, and especially in the history of the development of accounting literature, the first institutional attempt to develop accounting theory and a conceptual framework was made in 1936, coinciding with the establishment of the American Accounting Association (AAA), whose work was further expanded by Patton and Littleton in 1940 (Osho and Omolola, 2018: 15).

Paton and Littleton's study served as the basis for the first book on accounting theory entitled “Accounting Theory”, which focused mainly on improving the coherence of financial reporting by following the historical cost model (de Iudícibus et al., 2022: 113). The final result of Paton and Littleton's joint work in 1940 represented the first attempt to develop a coherent, coordinated, and consistent set of principles necessary as a sound basic structure for accounting. Among the six basic principles of accounting adopted in this work (economic unity, continuity, unit of measurement, historical cost, objectivity, and verifiability), they argued why the principles were identical and which is still now considered the dominant accounting principle by expanding the boundaries of accounting to include multiple vital areas. Disciplines such as measurement theory, evaluation theory, management, and behavioral sciences, as a basis for a general theory of accounting. He formulated “assumptions” which according to him “can be considered necessary and sufficient conditions” for accounting (Osho and Olemija, 2018:9).

In the sixties and early seventies, two major developments occurred in accounting and had a significant impact on the development of accounting theory. The first was the move from standard methodology to positive methodology, which led to positive accounting research becoming the motivation behind mainstream accounting research. The second was the move to the benefit of decision making. Accounting, the years (1956-1970) were considered the standard period in which best practice standards were developed. With regard to the standard approach, this “supposed principled approach” had faded by 1970, and one of the main reasons behind the approach was not used is that there was uncertainty about Whether any particular normative theory is to be accepted by accounting scholars. Normative research was considered “unscientific,” and the beginning of the shift from normative research to positive research was that the focus in accounting research shifted from developing accounting principles and what they should be to a more scientific methodology for explaining and predicting practice (Coetsee, 2010: 4).

In particular, specialists have sought normative theories to standardize and make accounting practice more homogeneous, as positive theory can help provide an understanding of the role of accounting, while normative theories can improve accounting practice. However, many normative theorists still do not appreciate the value of positive accounting research, despite the many arguments for positive accounting theory. Both theories remain an open topic for further debate that is still ongoing and has gained the need for a single consistent and widely accepted conceptual framework (Bergant, 2021: 161).

As for positive theories, they include experimental observations of relevant phenomena, through which the problem is defined. Data related to the problem are collected, hypotheses are formulated, and tested through an independent process. If the theory is that the results are an accurate representation of the experimental phenomena, then it can be

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

used. This theory is for predictive purposes and extrapolation follows from empirical observations and takes the form: "If event Y occurs, the outcome will be Z." The greater the number of empirical observations, the better supported the relevant extrapolation will be (Inanga & Schneider, 2005: 230). The descriptive methodology, is an inductive process that focuses on real-world observations, and the goal of the inductive process is to record basic phenomena (Coetsee, 2010: 2).

During the seventies and eighties of the last century, it was clear that the most important event in the development of accounting theory was the formation of the Financial Accounting Standards Board (FASB) and its draft conceptual framework, which resulted in the issuance of six statements of financial accounting concepts in an attempt to develop fully integrated structures of accounting theory that could be based on To the standards at this time, other major areas of accounting research are as follows:

- Expanding the scope of experimental research into the nature of accounting numbers.
- Research into the decision-making process of the individual.
- Research into the implications of efficient capital markets theories for accounting etc.

In the 1980s, this period witnessed new horizons towards tremendous growth in accounting literature. In mainstream accounting theory, the winds of change were silently blowing across the accounting horizon in the late 1960s and early 1900s. In 1964, the American Accounting Association (AAA) disagreed with the Trueblood Committee's report on the objectives of financial statements in 1973. The traditional approach was For financial statements towards reporting oversight, instead, he added social and economic dimensions to the scope of accounting by stating that "the objective of the financial statement is to report activities of the economic unit that affect society, that can be identified, described or measured, and that are important to the role of the economic unit in its social environment." (Osho & Olemija, 2018: 195). Since the development of accounting is linked to the development of commerce and vice versa, the development of accounting theory and accounting objectives is linked to the inclusion of the social, economic, and political context. Therefore, environmental changes led to the development of both, and with the development of the capital market, in conjunction with the volume of trading, there was a need for improvements and development in financial accounting, specifically in the theoretical framework that supports accounting in preparing financial statements (FR) and giving priority to the quality and usefulness of the information provided. By her. Therefore, it was necessary to develop accounting theory to create a theoretical framework for accounting (de Iudícibus et al., 2022:111).

Structure of accounting theory

There are a number of accounting theories that are deferred (i.e. not completed) due to many circumstances, including the nature of the accounting environment, the nature of the business environment, and the economic and political environment. The benefit derived from accounting information varies from one user to another and according to the nature of the information, accounting data, information sources, etc., This affects accounting theories that serve all

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

these aspects or provide a frame of reference called the structure of accounting theory (Ram and Taprie, 2019: 132). The structure of accounting theory consists of a group of elements, which are as follows (Belkawi, 2009: 31)

1- Objectives: They are the logical starting point in building any theory.
2- Axioms: A tool for clarifying the conditions and limits within which practical research should be carried out.
3- Concepts: They are theoretical constructs that represent a mental construct or perception that defines for us the essence of things and phenomena. Concepts are formed through observation and experience gathered about a particular phenomenon.
4- Principle: A general law that is reached by logically linking goals, concepts, and hypotheses. Accordingly, principles are the essence of theory, and principles are achieved through logical and experimental tests.
5- Technical methods and methods: They are special rules derived from accounting principles, and their goal is to account for special transactions and events carried out by the accounting entity. As shown in Figure (2), as follows:

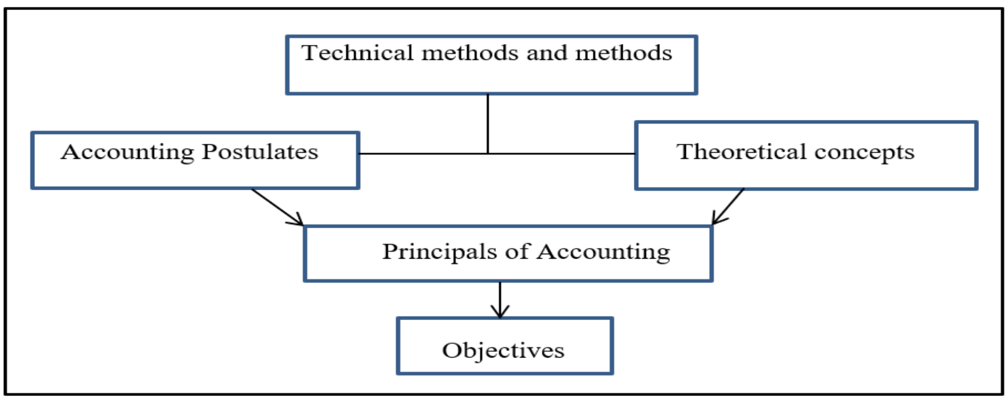

Figure (2) The structure of accounting theory

Source: Belqawi, Ahmed Riahi. (2009). Accounting Theory Part One: Accounting Theory [Arabization and translation by Riyad Al-Abdullah; Review by Talal Al-Jajjawi]. American University of Illinois. Al-Yazouri Scientific House for Publishing and Distribution

A strong theoretical foundation is essential if accountants are to keep pace with the changing business environment. They therefore constantly face new situations and deal with technological advances and business innovations that present new accounting and reporting problems. These problems should be dealt with in a structured and consistent manner, and the conceptual framework plays a vital role in developing new standards and in reviewing previously issued standards

Theories that explain the need for non-financial reports in economic units

Accounting is not only related to financial evaluation, but rather related to recognition, accountability, and evidence. The word accountability is rooted in the word accounting. Accountants are responsible for making their reports clear and understandable, and this requirement is directly stated in the conceptual framework of the Financial Accounting

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Standards Board (FASB) and the International Accounting Standards Board (IASB) (Baldarelli,2019:91). The focus will be on the most important theories that take into account consideration of broader (societal) issues that affect how the economic unit operates and what information it chooses to disclose. Researchers have identified many theories to explain the variation in voluntary disclosure in economic units, which are as follows:

First: Legitimacy Theory: Legitimacy theory emphasizes that economic units constantly seek to ensure that they are seen as operating within the boundaries and standards of their societies, that is, they try to ensure that external parties view their activities as “legitimate” (Mäkelä, & Näsi,2010: 54). It works to link its own organization with society, that is, compliance with the terms of the social contract, and therefore financial or non-financial disclosure, which in turn is considered the most important means of preserving the contract and one of the means of changing values and perceptions about the economic unit, such as disclosing annual reports and social and environmental disclosures that help to Educating the community and conveying the true picture of the performance of the economic unit’s activities, thus changing their expectations (Deegan, 2014: 344).

Second: Stakeholder theory: Stakeholders are defined as a group or individual who can have an influence on any decisions or activity or achieve the goals of the economic unit or influence them. That is, there is a relationship between the economic unit and its stakeholders to achieve economic, environmental, and social stability through Through the disclosure of financial and non-financial information, this theory was considered the main tool for achieving this stability (Freema, 2002:333).

Third: Institutional Theory: This theory goes back to its intellectual roots in organization theory, which focuses on the organizational structure and the relationship of managers with employees within the economic unit and the extent of applying the strategy to achieve the goals and mission for which it was established, as it considered the economic unit to be a social entity with limits centered around increasing voluntary disclosure that helps In achieving justice for stakeholders, whether this disclosure is financial or non-financial, and given its importance, this theory complements both the theory of legitimacy and stakeholders in its purposes in general (Donleavy, 2016: 143).

APPLIED ASPECT

We note from the above that many theories have been used to explain reporting motives in response to different expectations and social changes. In order to effectively create positive side effects on business and society, economic units should align their social responsibility strategies with business growth strategies. Accounting for social responsibility has demonstrated its level of importance for economic units, societies, and the environment.

Data Analysis

In this section, the variables of the study are measured for the companies Asiacell and Zain Iraq, the research sample, as the section was divided into the following paragraphs:

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Evaluating the level of development in accounting theory for companies Asiacell and Zain Iraq, the research sample

In this axis, the level of development in accounting theory for companies Asiacell and Zain Iraq, the research sample, is measured through the development made by professional accounting organizations around the world. In 2005, the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) agreed to develop a framework for integrated reports with the aim of Improving disclosure and reducing the current defects of the basic financial reporting model and providing information that meets the needs of users of financial statements (FASB, 2010:13). In October 2020, the International Accounting Standards Board (IASB) sought, through Integrated Reporting (IIRC), to achieve consistency and comparability within the framework of the administrative and governance structure. International Financial Reporting Standards Foundation (IFRS) to develop financial reports (IFRS, 2020: 8-9). Here, the researcher examines the need for integrated reports through theories that explain companies' need for this.

Sharia theory and its role in explaining the need for integrated reports in Asiacell and Zain Iraq, the research sample

Table (4) below displays the indicators of the Sharia theory of Asiacell and Zain Iraq based on data for the period (2012-2022) with some other data according to the requirements of each element.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table (4) Indicators of legitimacy theory in Asiacell and Zain Iraq, the research sample

Indicators of legitimacy[1] theory	the years	Asiacell		Zain Iraq	
		Applied	Not Applicable	Applied	Not Applicable
1- **Social Contract Index:** This index measures the extent to which the company agrees with various stakeholders, including employees, customers, suppliers and society, to adopt responsible and transparent behavior in its business dealings. 2- **Information Provision Index:** This indicator measures the extent to which the company provides the necessary information to various stakeholders, including financial, social and environmental information, and the extent of this information's detail and transparency. 3- **Resource provision index:** This index measures the extent to which the company provides the resources necessary to achieve its social and environmental obligations, including financial, human and technological resources.	2012	0	3		
	2013	0	3		
	2014	0	3		
	2015	0	3	3	0
	2016	0	3	3	0
	2017	0	3	3	0
	2018	1	2	3	0
	2019	1	2	3	0
	2020	1	2	3	0
	2021	3	0	3	0
	2022	3	0	3	0

Source: Prepared by the researchers based on data from Asiacell and Zain Iraq, the research sample

Table (4) shows the indicators of legitimacy theory in Asiacell and Zain Iraq, the research sample, as follows:

First: The indicators in Asiacell Company applied for the period from 2012 - 2020, according to the table above, were 67% (4) and this is due to the partial application of the paragraphs, which are:

1- Social contracting index: Asiacell signed a strategic partnership agreement with the Iraqi Electronic Sports Federation (IQESF) in terms of social contracting.

2- Information Provision Index: An e-sports platform was launched that relies on its fast data and Internet communications network and its broad customer base.

3- Referring to Table (4), we find that the percentage of disclosed indicators increased for the period from 2021-2022 to 100%, by implementing the paragraphs in a comprehensive manner in addition to the indicators above, through:

4- As the social contract was concluded between Asiacell and Ericsson to renew the communications network, Asiacell entered into a partnership with Ericsson and expanded the scope of strategic cooperation to develop and enhance modern Internet services in Iraq on November 10, 2021.

5- Ericsson provides modern services and expansion of Asiacell's modern Internet network and its ongoing wireless system project.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

6- Ericsson provides advanced wireless access network equipment. The plan includes increasing the capacity of Asiacell's modern Internet network to increase mobile broadband access requests smoothly by following the approach of Ericsson's renewal and expansion plan.

7- A better network experience has been guaranteed for the Iraqi people since the renewal, and the expansion will improve customer experience and increase efficiency and social contracting between Asiacell and the Arab Electronic Payment Company (APS).

8- Asiacell signed a strategic partnership with the Arab Electronic Payment Company (APS) to develop digital payment services on September 28, 2021, which is another advanced step in the digitization process using electronic payment methods such as the MasterCard card and the Visa card to recharge or pay line bills for anyone. Inside or outside Iraq, which facilitates payment in general for Asiacell customers.

Second: The indicators in Zain Iraq applied for the period from 2015 - 2022 according to the above table were 100% (4). This is due to the partial application of the paragraphs, which are:

1- Zain is committed to agreeing with institutions of all sizes as a matter of social cooperation to provide them with the necessary communications services and the latest technological solutions to develop their business efficiently and effectively.

2- The company’s provision of the necessary information to various stakeholders, including financial, social , and environmental information, and the extent of the detail and transparency of this information.

3- Resource Allocation Index Zain Group continues to search for opportunities to allocate its resources effectively, and use them better and more sustainably. Zain shares the assets of its tower structures in some of its markets, after it decided to sell its towers and lease them back. The Group also promotes more wise use of energy, which leads to Reducing carbon emissions.

Stakeholder theory and its role in explaining the need for integrated reports in Asiacell and Zain Iraq, the research sample

Below are the theoretical stakeholder indicators for Asiacell and Zain Iraq based on data for the period (2012-2022) with some other data according to the requirements of each element.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table (5) Theory indicators: Stakeholders in Asiacell and Zain Iraq, research sample

Indicators of stakeholder theory	the years	Asiacell		Zain Iraq	
		Applied	Not Applicable	Applied	Not Applicable
1-**Financial and Social Sustainability Index**: This index measures the company's ability to achieve sustainable financial performance while achieving social and environmental benefits. This indicator can be measured using a number of criteria such as indicators of financial sustainability, sustainable risks, and sustainable investments. 2- **Social Participation Index:** This indicator measures the extent of the company's participation in social and environmental initiatives, as well as the extent of its impact on the local community. This indicator can be measured using a number of criteria, such as the number of volunteer employees, the size of financial contributions, and the number of social projects in which the company participated. 3- **Social Innovation Index:** It measures the extent of the company's ability to develop creative and effective solutions to social and environmental challenges, and the extent of its positive impact on society.	2012	2	1		
	2013	2	1		
	2014	2	1		
	2015	2	1	3	0
	2016	2	1	3	0
	2017	2	1	3	0
	2018	2	1	3	0
	2019	2	1	3	0
	2020	2	1	3	0
	2021	3	0	3	0
	2022	3	0	3	0

Source: Prepared by the researchers based on data from Asiacell and Zain Iraq, the research sample

Table (5) shows the theoretical indicators of stakeholders in Asiacell and Zain Iraq, the research sample, as follows:

First: The indicators in Asiacell Company applied for the period from 2012 - 2020, according to Mambin in the table above, were 67%, and this is due to the partial application of the paragraphs, which are:

1- Asiacell partnered with Five One Labs to create a volunteer job fair on November 8, 2021 in Sulaymaniyah to celebrate Global Entrepreneurship Week. Business owners had the opportunity to meet and network during the event.
2- Orange Corners Program: The Orange Corners initiative continued in Baghdad and Erbil, organized by the Kingdom of the Netherlands, with the support of the German and Dutch embassies, and sponsored by Asiacell, in cooperation with the Capita Business Center, for a period of six months, during which 45 participants were selected from among 250 applicants.

Referring to Table (5), we find that the percentage of disclosed indicators increased for the period from 2021-2022 to 100%, as it was:

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

3- Organizing the Job Fair The Job Opportunities Festival is a global initiative launched in 2008 that aims to introduce young people to entrepreneurship. As well as an entrepreneurship program in a detailed boot camp that focuses on how to run a business from the basics to the professional level.

Second: The indicators in Zain Iraq applied for the period from 2015 - 2022, according to what is shown in the table above, were 100%, which reflects the compliance rates according to the checklist prepared for this purpose, which is :

1- The financial and social sustainability index at Wayne Company. Zain's risk management reports directly to the Risk Committee of the Board of Directors (this indicates the importance of business sustainability in the long term.(

2- The Risk Committee oversees compliance with enterprise risk management policies and procedures, and also reviews the adequacy of the risk management framework in relation to the risks faced by the group.

3- Changes to the framework are reviewed and approved by the Risk Committee annually, and the process of changing risk trends occurs at a quarterly pace, Zain's assurance sectors - such as the internal audit and corporate governance departments and the Board of Directors committees, along with the group's risk management - assist The Risk Committee in its supervisory role. Zain Group evaluates its social, economic and environmental impacts from a risk perspective.

4- As for the social participation index in Zain Company from the ERICSSON Empowering young people and building their knowledge of technological trends and industry visions in smart cities, sustainable innovations , and electronic games.

5- As for the social innovation index in Zain Company through an internal innovation platform, ZAINIAC is an internal innovation platform that was established in the year 2017 through the vision of the Vice Chairman of the Board of Directors and the Group CEO in order to nurture and enhance internal ideas and entrepreneurial spirit, and the platform is open to all Zain employees.

Institutional theory and its role in explaining the need for integrated reports in Asiacell and Zain Iraq, the research sample

Table (6) below displays institutional theory indicators for Asiacell and Zain Iraq based on data for the period (2012-2022) with some other data according to the requirements of each element.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table (6) Institutional theory indicators in Asiacell and Zain Iraq, the research sample

Institutional theory* indicators	**years**	**Asiacell**		**Zain Iraq**	
		Applied	**Not Applicable**	**Applied**	**Not Applicable**
Structural similarity: indicates that organizations tend to become similar over time as they adopt similar practices and structures in response to institutional pressures. Structural similarity can be measured through indicators such as similarity in organizational structures, practices and routines across organizations in the same industry or sector. **Legitimacy:** indicates that organizations seek legitimacy and social acceptance by conforming to institutional patterns and expectations. Legitimacy can be measured through indicators such as public recognition and awards for social responsibility initiatives, and the level of trust in the organization among stakeholders. **Institutional logic:** Institutions are influenced by different institutional logics , or the prevailing values and beliefs in their institutional environment. Institutional logic can be measured through indicators such as the prevalence of specific discourses or narratives in the media and public discourse, the influence of specific interest groups or stakeholders on the behavior of the institution, and the degree of compliance with prevailing patterns and values in the institution's industry or sector.	2012	2	1		
	2013	2	1		
	2014	2	1		
	2015	2	1	3	0
	2016	2	1	3	0
	2017	2	1	3	0
	2018	2	1	3	0
	2019	2	1	3	0
	2020	2	1	3	0
	2021	3	0	3	0
	2022	3	0	3	0

Source: Prepared by the researchers based on data from Asiacell and Zain Iraq, the research sample

Table (6) shows the indicators of institutional theory in Asiacell and Zain Iraq, the research sample, as follows:

First: The indicators in Asiacell Company applied for the period from 2012 - 2020, according to Mambin in the table above, were 67%, and this is due to the partial application of the paragraphs, which are:

1- Asiacell made distinguished innovative efforts to launch fourth generation (4G) services after obtaining the necessary approvals and allocating the necessary frequencies from the Communications and Media Commission, and then the beginning of 2021 and 2022 witnessed the launch of fourth generation services.

2- The Communications and Media Commission announced that Asiacell paid its debts, signed an addendum to the renewal contract, launched fourth generation services, and the degree of compliance with prevailing patterns and values.

Referring to table (6), we find that the percentage of disclosed indicators increased for the period from 2021 - 2022 to 100%, as Asiacell is the second largest company out of three in Iraq. Of course, companies aspire to greater spread and expansion, and competition is the way to achieve this.

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Second: The indicators in Zain Iraq applied for the period from 2015 - 2022, according to what is shown in the table above, were 100%, which reflects the compliance rates according to the checklist prepared for this purpose, which is:

1- Zain is the largest telecommunications company with a clear majority in the number of users in Iraq, followed by Asiacell and then Korek. These are the only three that have licenses in Iraq and there is no fourth competitor.
2- Institutional Theory Index indicates that institutions seek to obtain legitimacy and social acceptance. In 2019, Zain continued its alliance with the GSMA on the Human Communication Charter, and Zain also cooperated with the GSMA on the MPOWER Youth Initiative by focusing on initiatives that enhance lives and contribute to Empowering their rights, and in 2019 the company became a member of the Children's Task Force, in order to address the footprint of the environmental impacts resulting from its operations.
3- Zain won the Best Company in Corporate Governance award for the year 2021 in the State of Kuwait, at the World Finance Awards 2021 ceremony. These annual awards select and analyze various corporate governance platforms, then honor the leading institutions in this field, and a group has been noted. Decorated in appreciation of her principles and integrity.

Testing research hypotheses

The second sub-hypothesis: There is a statistically significant relationship between the development of accounting theory and integrated reporting

The correlation values of the second sub-hypothesis will be displayed in the table below:

Table (7) Correlation values of the second sub-hypothesis, development of accounting theory and integrated reporting

Variables	Time period	Correlation value and significance level		Z calculated	strength of the relationship	Direction of the relationship
Asiacell	2015- 2012	Correlation value	0.555	5.67	Medium	positive directive
		Sig	0.000			
	2019-2016	Correlation value	0.529	5.02	Medium	positive directive
		Sig	0.000			
	2022-2020	Correlation value	0.698	5.98	Medium	positive directive
		Sig	0.000			
Zain Iraq	2018-2015	Correlation value	0.658	6.19	Medium	positive directive
		Sig	0.000			
	2022-2019	Correlation value	0.576	6.82	Medium	positive directive
		Sig	0.000			

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Source: Prepared by the researchers based on the program's outputs (SPSS.V29)

It is clear from Table (7)

1- The amount of correlation between the development of accounting theory and integrated reporting reached (0.555, 0.529, 0.698) for the time periods (2012-2015, 2016-2019, 2020-2022), and the highest level of correlation was during the time period (2020-2022), and this result provides support. It is sufficient to prove the hypothesis for Asia Company, which indicates the existence of a limited, moderate relationship between variables. What supports this result is the level of significance (0%), which is less than the level of significance (5%) calculated for the correlation between the two variables.
2- The correlation coefficient between the study variables reached a range between (0.658, and 0.576) for the time periods (2015-2018, and 2019-2022) for Zain Company, and the highest level of correlation was during the time period (2015-2018), which indicates the existence of a good relationship between the variables. The concept of the development of accounting theory includes theories that explain the need for integrated reports in accordance with integrated reporting by providing financial and non-financial indicators that suit the Iraqi environment, and provides detailed information about Asiacell and Zain Iraq, and that the trend towards integrated reporting will produce effective oversight for the company and help it take Strategic decisions for development. This result provides sufficient support for accepting the second sub-hypothesis.
3- The calculated value of (z) was within the range (5.0267 - 5.98) for Asia Company and within the range (6.19 - 6.82) for Zain Company, which is greater than the tabulated (z) (1.96) at a significance level (5%). This result indicates the significance of the correlation.

Testing the second impact hypothesis: which states the following (there is a statistically significant effect between the development of accounting theory and integrated reporting)

The analysis will be done according to the simple linear regression equation as follows:

• Estimated model according to Asia Company for the years 2020-2022

Y = 2.437 + 0.36 X1

• The estimated model according to Zain for the year 2015-2018

Y = 0.605 + 0.814 X1

It will also be explained in the following table (8):

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Table (8) Analysis of the impact of the development of accounting theory on integrated reporting

Company	Time period	α	β_1	The coefficient of determination	R Correlation coefficient	(F) Test value	(t) Test value	Sig Probability value	decision
Asiacell	**2015-2012**	2.393	0.355	0.308	0.555	7.502	6.421	0.000	Morally significant
	-2016 2019	2.407	0.335	0.280	0.529	10.301	6.703	0.000	Morally significant
	-2020 2022	2.437	0.360	0.370	0.698	9.431	7.632	0.000	Morally significant
Zain Iraq	**2018-2015**	0.605	0.814	0.433	0.658	7.647	5.033	0.000	Morally significant
	-2019 2022	2.568	0.328	0.332	0.576	7.531	6.716	0.000	Morally significant

Source: Prepared by the researcher based on the program's outputs (SPSS.V26)

It is clear from Table (8):

1- There is a significant effect of the development of accounting theory on integrated reporting, as the value of (calculated F) between the development of accounting theory and the integrated reporting variable obtained (7.502, 10.301, 9.431) for Asia Company and (7.647, 7.531) for Zain Company, and the significance of the effect between the two variables is proven. The study, which is greater than the value of (the tabular F) at a level of significance (5%), that is, with a degree of confidence (95%), which proves the significance of the prediction in the values of the variable (integrated reporting).

2- It can be said that the highest percentage among the percentages extracted for the time periods for the development of accounting theory during the time period (2020-2022) explains the percentage (37%) of integrated reporting according to Asia Company, while for Zain Company the time period (2015-2018) recorded the highest percentages. To explain the variance, it amounted to (44.3%) of the variance for integrated reporting, while the rest of the percentage is due to other variables that were not included in the study model. The other ratios ranged from an acceptable to moderate level in explaining the variance to a limited extent.

3- The significance of the marginal slope (β) for the variable The development of accounting theory in explaining the interpretation reached a rate of (36%), which explains that the increase in the value of the development of accounting theory contributes to the increase in the integrated reporting of the Asia Company during the time period (2020-2022), while the value of The slope coefficient "stability coefficient" for Zain Company (81.4%), which explains that the increase in the value of the development of accounting theory contributes to the increase in reporting for Zain Company during the time period (2015-2018), and this influence indicates the amount of increase or decrease in limited percentages in the market value. For the company according to the integrated

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

reporting variance interpretation values. The other ratios ranged from an acceptable to moderate level in explaining the variance to a limited extent. Thus, the second sub-hypothesis of influence was accepted.

Conclusion and Recommendations

First: conclusions

1- Using the standard approach in building accounting theory enables defining the basic concepts and general objectives of accounting theory and is based on its internal validity represented by the logical consistency between the elements of the theory at the expense of its complete lack of external validity in the development of accounting theory.

2- Previous studies that dealt with financial accounting theory differed in determining the contents of the basic components of the theory, especially when dealing with accounting objectives, as this led to the provision of many alternatives to accounting measurement and evaluation, leaving the matter of choosing the preferred standard.

3- The application of integrated reports helps the company, the research sample, in revealing current, unforeseen problems in addition to expected future problems that are not provided by traditional financial reports, to help the company and its laboratories solve and avoid these problems.

4- The value of integrated reports lies in challenging typical financial reports. They are not limited to traditional disclosures related to assets, liabilities, expenses, and revenues. They provide the best image for effective reporting of financial and non-financial information that reduces the gap between the potential market value and the book value and thus reflects the company's true value.

5- Integrated reports are characterized by their usefulness in providing information that helps in making strategic decisions, unlike traditional financial reports, whose information may be useful in making decisions in the short term only.

Second: Recommendations

1- Taking into account the development in accounting theory as a result of the variation in environmental conditions surrounding the economic unit that affects the possibility of making a comparison between methods and alternatives for accounting measurement and evaluation. A framework must be determined for the comparison between alternative accounting methods and policies that are based on scientific foundations.

2- The economic unit is one indivisible unit and its social and economic objectives are integrated. Therefore, the report on its performance should be comprehensive, including financial, economic, social, and environmental information together.

3- Economic units should take the initiative to prepare integrated reports, especially economic units interested in sustainable development through innovation and experimentation efforts. It must begin conducting an analysis of the financial reports and sustainability reports it issues, with a fair assessment of the level of integration of sustainability into the company's strategy, with companies internally implementing actual practices through the experience of preparing integrated reports in parallel with the current reporting system, and developing

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

accounting skills to prepare the report. Trying to provide clear links between non-financial and financial information, using simple language, avoiding the use of incomprehensible terminology, and not referring in the integrated report to other supporting documents such as the annual report or the separate non-financial report.

4- The need to pay attention to integrated reports and highlight the positive impact that can be had on companies due to their commitment to applying financial and non-financial reports, which works to keep pace with the global trend of increasing interest in applying these reports.

5- Directing accounting thought to conduct further studies with the aim of developing the foundations used in applying social responsibility accounting in other sectors, and constantly holding courses for all administrative levels to familiarize them with social responsibility accounting, its importance, goals, components, and the importance of activating it in Iraqi economic units.

Funding

None

Acknowledgement

None

Conflicts of Interest

The author declares no conflict of interest.

English References:

Almeida, R., Pérez-López, J.Á., & Abreu, R., (2022), Digital Corporate Social Responsibility Reporting in the Water Industry, Water Resources Management, 36, 3929–3947. https://doi.org/10.21203/rs.3.rs-471322/v1

Amran, A., & Haniffa, R. (2011). Evidence in Development of Sustainability Reporting: A Case of a Developing Country. Business Strategy and the Environment, 20, 141-156. https://doi.org/10.1002/bse.672

Baldarelli, Maria-Gabriella. (2019). Integrated Reporting, Integrated Thinking and Gaming Companies: Myths and Paradoxes: Antecedents and Perspectives for Organizations and Stakeholders. 10.1007/978-3-030-01719-4_10

Belkawi, Ahmed Riahi. (2009). Accounting Theory Part One: Accounting Theory [Arabization and translation by Riyad Al-Abdullah; Review by Talal Al-Jajjawi]. American University of Illinois. Al-Yazouri Scientific House for Publishing and Distribution

Bergant, Ž. (2021). Accountancy and Social Responsibility. Springer International Publishing.

Brown, J. (2022). Integrated reporting: On the need for broadening out and opening up. School of Accounting and Commercial Law, Victoria University of Wellington, New Zealand. https://doi.org/10.2139/ssrn.3994333.

Campra, M., Esposito, P., & Lombardi, R. (2020). The engagement of stakeholders in nonfinancial reporting: New information‐pressure, stimuli, inertia, under short‐termism in the banking industry. Corporate Social Responsibility and Environmental Management, 27(3), 1436-1444.

Cho, C. H., Phillips, J. R., Hageman, A. M., & Patten, D. M. (2009). Media richness, user trust, and perceptions of corporate social responsibility. Accounting, Auditing & Accountability Journal, 22(6), 933-952. DOI:10.1108/09513570910980481.

Coetsee, Daniël. (2010). The Role of Accounting Theory in the Development of Accounting Principles. Meditari Accountancy Research. 18. 1-16. 10.1108/10222529201000001.

Crowther, David,2021, The Palgrave Handbook of Corporate Social Responsibility, De Montfort University Leicester, UK:756.

de Iudícibus, S., Katsumi Niyama, J., Pires da Silva, J., & Beuren, I. M. (2022). Influence of accounting theory on the objective of general-purpose financial reporting. Revista Contemporânea de Contabilidade, 19(50). DOI:10.5007/2175-8069.2022.e79548.

Deegan, C. (2013) Financial Accounting Theory. 4th Edition, McGraw-Hill Education, Sydney

Donleavy, G. (2010). An Introduction to Accounting Theory-eBooks and textbooks from bookboon. com.

Dragu, I. M., & Tiron-Tudor, A. (2013). The integrated reporting initiative from an institutional perspective: emergent factors. Procedia-Social and Behavioral Sciences, 92, 275-279.

Fashami, A. M. (2021). An Evaluation of the Effects of Accounting History on Financial Accounting. ARJHSS Journal, 4(1), 40-43. E-ISSN: 2378-702X.

Financial Accounting Standards Board (FASB), 2010.Financial Accounting Standards Board (FASB). 2010. Project Update: Going Concern. Available at:http://www.fasb.org/jsp/FASB/FASBContent_C/ProjectUpdatePage&cid=900000011115.

Freeman, R. E., & Phillips, R. A. (2002). Stakeholder theory: A libertarian defense. Business ethics quarterly, 12(3), 331-349. 12. 10.2139/ssrn.263514.

Gregori, P., Wdowiak, M., Schwarz, E., & Holzmann, P. (2019). Exploring Value Creation in Sustainable Entrepreneurship: Insights from the Institutional Logics Perspective and the Business Model Lens. Sustainability, 11, 1-26. https://doi.org/10.3390/su11092505

Hahn, R., & Kühnen, M. (2013). Determinants of sustainability reporting: A review of results, trends, theory, and opportunities in an expanding field of research. Journal of cleaner production, 59, 5-21. DOI:10.1016/j.jclepro.2013.07.005.

Haller, A., & van Staden, C. (2014). The value-added statement—an appropriate instrument for Integrated Reporting. Accounting, Auditing & Accountability Journal, 27(7), 1190-1216. DOI:10.1108/AAAJ-04-2013-1307

Idowu, S. O., & Baldo, M. D, (2019),Integrated Reporting. Antecedents and Perspectives for Organizations and Stakeholders. Switzerland: Springer.

IIRC. (2021). INTERNATIONAL <IR> FRAMEWORK, Available at: https://www.integratedreporting.org/wpcontent/uploads/2021/01/InternationalIntegratedReportingFramework.pdf (accessed 5 May 2023), p25-37)

Inanga, E. L., & Schneider, W. B. (2005). The failure of accounting research to improve accounting practice: a problem of theory and lack of communication. Critical Perspectives on Accounting, 16(3), 227-248. DOI:10.1016/S1045-2354(03)00073-X

John Dumay, Cristiana Bernardi, James Guthrie & Paola Demartini (2016) Integrated reporting: A structured literature review, Accounting Forum, 40:3, 166-185, DOI: 10.1016/j.accfor.2016.06.001

Kılıç, M., Kuzey, C., & Uyar, A. (2021). An international investigation on assurance of integrated reports: Institutions, assurance quality, and assurers. Journal of International Accounting, Auditing and Taxation, 42, 100360. DOI: 10.1016/j.intaccaudtax.2020.100360.

Landau, Alexander, Rochell, Janina, Klein, Christian and Zwergel, Bernhard, (2020), Integrated reporting of environmental, social, and governance and financial data: Does the market value integrated reports?, Business

EISSN: 3005-3625, PISSN: 2790-2560, DOI: doi.org/10.58564/EASJ/3.1.2024.14

Strategy and the Environment, 29, issue 4, p. 1750-1763, https://EconPapers.repec.org/RePEc:bla:bstrat:v:29:y:2020:i:4:p:1750-1763.

Mäkelä, H., & Näsi, S. (2010). Social responsibilities of MNCs in downsizing operations: A Finnish forest sector case analyzed from the stakeholder, social contract, and legitimacy theory point of view. Accounting, Auditing & Accountability Journal, 23, 149-174. https://doi.org/10.1108/09513571011023174.

Osho, A. E., & Olemija, T. L. (2018). The Impact of Accounting Literature in the Development of Accounting Theories in Nigeria. Research Journal of Finance and Accounting, 9, 194-203. URL: https://api.semanticscholar.org/CorpusID:158931183

Papoutsi, A., & Sodhi, M. S. (2020). A Sustainability Disclosure Index Using Corporate Sustainability Reports. Journal of Sustainable Research, 2(2), e200020. https://doi.org/10.20900/jsr20200020

Ram, M., & Tapria, R. (2019). Accounting theory: Concept and importance. International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS), 1(2), 129-134.

Ramasastry, A. (2015). Corporate social responsibility versus business and human rights: Bridging the gap between responsibility and accountability. Journal of Human Rights, 14(2), 237-259. DOI:10.1080/14754835.2015.1037953.

Riano, J., & Yakovleva, N. (2020). Corporate Social Responsibility. https://doi.org/10.1007/978-3-319-95726-5_26

Robertson, F. (2015). What is Integrated Reporting and Why does it matter. The CA Magazine / ICAC com, PP. 46 – 47. https://www.researchgate.net/publication/281857518_What_is_Integrated_Reporting_and_why_does_it_matter

Serpeninova, Y. (2022). Historical genesis of integrated reporting. Herald of Economics, (1), 130-142. DOI: https: //doi.org/10.35774/visnyk2022.01.130

Turzo, T. (2022). Non-financial reporting research and practice: Lessons from the last decade. Journal of Cleaner

Villiers, C., Rinaldi, L., & Unerman, J. (2014). Integrated Reporting: Insights, gaps and an agenda for future research. Accounting, Auditing and Accountability Journal, 27, 1042-1067. https://doi.org/10.1108/AAAJ-06-2014-1736