

-RESEARCH ARTICLE-

THE IMPACT OF APPLYING IFRS 15 ON IMPROVING DISCLOSURE REQUIREMENTS AND ITS REFLECTION ON INVESTOR DECISIONS OF COMPANIES LISTED IN THE IRAQ STOCK EXCHANGE

Murtada Fadhil Haddad

PhD Candidate at Institute of Higher Commercial Studies in Sousse, University of Sousse, Tunisia.

E-mail: murtadafadil92@gmail.com

<https://orcid.org/0009-0006-1459-2467>

Saida Dammak

Maître de conférences en Comptabilité à IHEC-Carthage, Laboratoire de recherché, IHEC Carthage, Université de Carthage, Tunis. Tunisia.

E-mail: saida.dammak@ihec.ucar.tn

<https://orcid.org/0000-0001-7309-8502>

—Abstract—

This study examines the effects of implementing the International Financial Reporting Standards (IFRS) 15 standard, specifically focusing on "Revenue from Contracts with Customers," on the quality of accounting information disclosed in financial reports. In addition, it explores the implications of this standard on investor decision-making in companies that are listed on the Iraq Stock Exchange. A total of 294 questionnaires were administered to the intended recipients, namely the users and preparers of financial reports from companies listed on the Iraq Stock Exchange, as part of our research methodology. The data were subjected to analysis using the SPSS-AMOS software. The research conducted revealed a notable and favorable influence of accounting disclosure mandates in accordance with IFRS 15 on the decision-making process of investors. The enhancement of disclosure quality in the financial reports of companies listed on the Iraq Stock Exchange, in accordance with the International Financial Reporting Standards (IFRS) 15, has positively impacted investment decision-making pertaining to these companies. The report proposes the implementation of a standardized accounting system and the adherence to International Financial Reporting Standards (IFRS) across

Citation (APA): Haddad, M. F., Dammak, S. (2023). The Impact of Applying IFRS 15 on Improving Disclosure Requirements and Its Reflection on Investor Decisions of Companies Listed in The Iraq Stock Exchange. *International Journal of Economics and Finance Studies*, 15(02), 481-501. doi:10.34111/ijefs.202315223

many sectors, with a specific focus on the telecommunications and contracting industries. The study contributed by conducting statistical tests and drawing empirical evidence to support its main conclusions. These conclusions include the identification of a significant relationship and the assessment of the impact of implementing IFRS 15 on the quality of investment decisions in stocks. This impact is attributed to the enhancement of accounting disclosure requirements.

Keywords: IFRS 15, accounting disclosure, financial reports, investor decisions, Iraq Stock Exchange.

INTRODUCTION

Revenue is widely regarded as a crucial financial performance metric, if not the most significant, inside the financial statements of an economic institution. The significance of revenue in financial statements cannot be overstated, as it serves as a key indicator of a business's performance and financial standing (Altaji & Alokdeh, 2019). The concept in question holds considerable importance in shaping the company's perceived value, as evidenced by its impact on the stock price. Consequently, this has implications for both investor returns and employee profits linked to stock options (Usurelu, Dutescu, & Jarvis, 2021; Ali et al., 2023). Revenue is a significant metric that offers useful insights into the historical and prospective performance of a unit. It serves as a significant determinant for several performance indicators, including pre-tax profits, distributions, net income, and earnings per share (Hadi et al., 2023). Therefore, it is imperative to create robust guiding principles and criteria for the recognition of revenue (Ogunode & Salawu, 2021). This standard has a substantial impact on both the quantity and timing of revenue recognition, as well as the necessary disclosures pertaining to revenue. Hence, the accounting data pertaining to revenue, as recognized in compliance with IFRS 15, holds significant importance for both present and potential investors and stakeholders in their examination and assessment of the unit's historical, present, and future financial performance (Coetsee, Mohammadali-Haji, & van Wyk, 2022). In addition, it is important to note that economic entities are obligated to provide disclosures pertaining to revenue recognition in accordance with International Financial Reporting Standards (IFRS) 15. These disclosures serve to strengthen the ability to evaluate the impact of changes in the market value of the entity's stocks (Mattei & Paoloni, 2019).

In recent years, there has been a significant rise in economic openness within the Iraqi environment, leading to the attraction of foreign enterprises and their active involvement in the Iraqi markets (Talab & Flayyih, 2023). Therefore, there is an immediate need to expeditiously establish accounting regulations that are specifically tailored to the local context (Napier & Stadler, 2020). As a result, the Iraqi government has issued a requirement for companies registered on the Iraq Stock Exchange to adopt

the International Financial Reporting Standard 15 (IFRS 15) beginning in the year 2021. The Iraq Stock Exchange, inaugurated in 2004 and overseen by the Iraqi Securities Commission, experienced notable trading volumes towards the conclusion of 2021. A total of 930 billion shares were traded, amounting to a cumulative value of 812 billion Iraqi dinars, across 226 trading sessions. This resulted in the execution of 114,467 transactions and ultimately led to the closure of the trading index at 596 points. The Iraq Stock Exchange is now preparing to implement a series of enhancements to its financial instruments in the next year, 2022. These enhancements encompass the introduction of government bonds, which have the potential to augment both the market value and trading volume, potentially reaching a daily share count of three billion. The total count of firms listed on the market has reached 132 (Imhanzenobe, 2022). All of the aforementioned organizations and industries adhere to the unified accounting system and Iraqi accounting regulations. However, it is worth noting that these rules currently lack comprehensive procedures for the measurement, recognition, and disclosure of revenue derived from client contracts. However, the adoption of this novel standard has been deferred until the conclusion of 2023 owing to the ramifications of the COVID-19 pandemic, which impeded the implementation procedure. Given the circumstances, the research inquiry that emerges is as follows: To what extent would the adoption of the IFRS 15 standard enhance the disclosure obligations, hence exerting a favorable influence on the caliber of investment choices made in relation to firms listed on the Iraq Stock Exchange? Therefore, the objective of this study is to offer significant insights into the effects of the implementation of International Financial Reporting Standard 15 (IFRS 15) on disclosure requirements and its influence on investor decision-making in companies that are listed on the Iraq Stock Exchange..

LITERATURE REVIEW

The International Accounting Standards Board (IASB) issued a requirement on January 1, 2018, for economic organizations to adopt the new International Financial Reporting Standard 15 (IFRS 15). organizations were given the option to adopt it prior to this date, provided that they disclosed this adoption in their financial statements (Kabir & Su, 2022). The primary objective behind the issuance of the new revenue standard is to provide economic entities with the opportunity to depend on a unified and all-encompassing framework for the recognition of revenue. The objective is accomplished through the establishment of guiding principles by the company, which aim to ensure the provision of valuable information to readers of financial statements. This information pertains to the characteristics, magnitude, and uncertainties related to revenue and the resultant cash flows derived from client contracts (Boujelben & Kobbi-Fakhfakh, 2020). In addition, the primary purpose of the standard is to fulfil the stated goals of the collaborative initiative between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). These objectives include the eradication of discrepancies and deficiencies within the existing guidelines

pertaining to the recognition of revenue and its representation in financial statements (Belesis et al., 2021). Likewise, it streamlines the process of generating financial statements by diminishing the quantity and intricacy of revenue recognition criteria derived from established standards and interpretations. The enhancement and broadening of accounting disclosure rules serve to furnish users of accounting information with valuable insights and knowledge (Aladwan, 2019).

The scope of this standard encompasses all contractual agreements established with clientele, with the exception of contracts falling under the purview of IFRS 16, IFRS 17, IFRS 9, IFRS 10, IFRS 11, IAS 11, IAS 27, and IAS 28 (Karim & Riya, 2022). Therefore, the aforementioned standard presents a thorough framework for the acknowledgment of revenue, whereby the fundamental concept necessitates the economic entity to acknowledge revenue (Hoti & Krasniqi, 2022). The revenue recognition process, as outlined by the International Accounting Standards Board, consists of five steps. Steps 1, 2, and 5 pertain to revenue recognition, whereas steps 3 and 4 encompass the revenue measurement process (Kobbi-Fakhfakh & Boujelben, 2021). Therefore, the revenue recognition model consists of five processes that are universally applied across businesses in relation to the execution of contracts with consumers. The purpose of this practice is to broaden the range of information presented in the financial statements of these organizations and improve their comparability across various industries and financial marketplaces (Ergüden, 2020).

The disclosure requirements pertaining to revenue information have seen a substantial increase in accordance with the International Financial Reporting Standards (IFRS) 15, when compared to the preceding disclosure requirements outlined in the International Accounting Standards (IAS) 18 and IAS 11. The increase was implemented as a direct response to issues pertaining to inadequate disclosure in the recognition of revenues. Simultaneously, a complete and coherent collection of disclosures has been implemented in accordance with other standards, with the objective of enhancing the disclosure obligations in light of the recently introduced International Financial Reporting Standard 15 (Onie et al., 2023). The International Financial Reporting Standard 15 (IFRS 15) offers a set of presentation and disclosure requirements that are more extensive in nature compared to the standards that were in place prior to its implementation. The primary objective of this initiative is to furnish users of financial information with comprehensive and unambiguous details pertaining to both recognized revenues and anticipated future revenues derived from ongoing contractual agreements (Hamawandy et al., 2021). This includes data pertaining to contractual agreements with clientele and comprehensive revenue analyses aimed at comprehending the characteristics, magnitude, timing, uncertainties, and monetary inflows associated with economic variables. Furthermore, it is necessary to provide disclosure regarding the acknowledgment of revenues that are acknowledged in the present accounting period. This includes pertinent information pertaining to performance obligations, such as the

nature of the products or services provided and the terms of payment. Additionally, it is important to provide detailed explanations of relevant terms and any alterations that may impact the recognition of revenues. The system also offers insights into the accounting of unit contract acquisition costs and contract fulfilment and provides details on account balances and ways of settlement (Efimova, Rozhnova, & Gorodetskaya, 2019). Therefore, the current paper formulates the following hypothesis:

Hypothesis 1: *There is a significant impact of implementing IFRS 15 on improving disclosure requirements.*

The primary objective of implementing these augmented disclosure prerequisites is to enhance the comprehensibility of financial information for users, enabling them to better grasp the characteristics, magnitudes, timing, and uncertainties associated with revenues and cash flows derived from client contracts (Nurunnabi, Donker, & Jermakowicz, 2022). The accounting information pertaining to revenue recognition in accordance with International Financial Reporting Standards (IFRS) 15 is widely regarded as a critical component of information relied upon by existing and potential investors and stakeholders. This information plays a crucial role in the analysis and evaluation of an entity's historical performance, as well as in predicting its future performance. The recognition of accounting information pertaining to revenue under IFRS 15 is of utmost importance as it signifies the revenue amount, which is considered to be one of the most critical indicators of financial performance, if not the most crucial, in the financial reports of an organization. The demonstration of an entity's business outcomes and financial condition is of utmost importance, as it plays a crucial part in providing a comprehensive understanding of its performance (Elkins, Entwistle, & Schmidt, 2021). The valuation of the company is significantly influenced by its revenue. The impact of stock price fluctuations is evident, as it influences the financial gains of investors and the associated employee perks tied to stock options. Revenues offer valuable insights into the historical and prospective performance of a company. They serve as a significant catalyst for several performance indicators, including pre-tax profits, distributions, net income, and earnings per share. Hence, the establishment of comprehensive criteria for the recognition of revenue is of utmost importance in the realm of standard-setting (Tarca, 2020). The mandatory disclosures pertaining to revenue recognition by economic entities in accordance with IFRS 15 validate that the reported revenues under this standard augment the ability to explain fluctuations in the market value of the entity's shares. In summary, the disclosure standards stipulated by the International Financial Reporting Standards (IFRS) 15 serve to furnish pertinent information to individuals who rely on financial data, thus facilitating the decision-making process for investors and stakeholders. Previous study has extensively explored the subject of revenue recognition from diverse angles, with numerous scholars investigating this topic in both Arabic and foreign languages. The aforementioned studies exhibit a direct or indirect correlation with the factors under investigation in the

present study, with a specific emphasis on the revenue standard known as IFRS 15, disclosure practices, and the decision-making processes pertaining to investments (Stefanov, Georgieva, & Vasilev, 2022). Hence, the present article develops the hypothesis as under:

Hypothesis 2: *There is a significant impact of disclosure requirements according to IFRS 15 on investor decisions.*

A study undertaken by Prather-Kinsey, De Luca, and Phan (2022) sought to examine the extent to which the adoption of International Financial Reporting Standards (IFRS) 15, as compared to the generally accepted accounting standards (GAAP) in the United States, resulted in a notable alteration in the total valuation of revenue recognition. The research primarily centered on wireline and wireless communication enterprises, revealing that the inclusion of recognized revenue in financial reports offers significant and pertinent insights. Additionally, it should be noted that the implementation of IFRS 15 would have implications on federal taxes for complete contracts, as corporations would be required to pay higher taxes due to the revised revenue recognition guidelines outlined in the IFRS 15 financial reporting standard. In contrast to prior findings, Öztürk (2022) sought to offer a comprehensive level of specificity and profound understanding that can be attained through the application of International Financial Reporting Standards (IFRS) 15. The research evaluated the potential effects on the financial viability and operational effectiveness of corporations. The results of the study suggest that IFRS 15 primarily targets sectors that encountered difficulties in adhering to the verification criteria for revenue recognition outlined in the international financial reporting standards. These challenges arose owing to the absence of clear guidance, compelling these companies to resort to non-IFRS accounting standards. However, the adoption of International Financial Reporting Standard 15 (IFRS 15) had a significant influence on small enterprises, and its execution proved to be very laborious in terms of time.

In 2019, Hameed et al. conducted a study with the objective of evaluating the effects of implementing International Financial Reporting Standards (IFRS) 15 on income derived from customer contracts. The study specifically examined the implications for accounting profits in Iraq, taking into consideration the country's unstable and consistently evolving economic conditions. The research conducted revealed that the implementation of International Financial Reporting Standards (IFRS) 15 did not have a statistically significant effect on the overall quality of net profits. In their study, Sahputra, Noveriansi, & Muda (2022) attempted to examine the potential ramifications of implementing International Financial Reporting Standards (IFRS) 15 on telecommunications firms that are publicly traded on the stock markets of Italy and Spain. The research conducted an examination of disclosures utilizing a content analysis technique based on stakeholder theory. The survey also emphasized that the implementation of IFRS 15 had a considerable impact on telecom companies, despite

the fact that it required a substantial amount of time and effort. In their study, [Quagli, Roncagliolo, & D'Alauro \(2021\)](#) conducted an analysis to investigate the impact of the early implementation of International Financial Reporting Standards (IFRS) 15, as a replacement for International Accounting Standard (IAS) 18, on the revenue levels and stock prices of Jordanian companies. The study conducted an analysis of the financial performance indicators, specifically revenues and stock prices, both prior to and after to the implementation of International Financial Reporting Standard 15 (IFRS 15). The research presented persuasive findings indicating that the implementation of IFRS 15 had an impact on the accuracy and reliability of the financial information contained within the statements. This led to notable disparities in both revenue figures and stock valuations prior to and subsequent to the adoption of the revised standard. The objective of the research conducted by [Saptono & Khozen \(2021\)](#) was to investigate the level of adherence to compulsory disclosures when implementing IFRS 15 within a sample of telecoms and construction companies listed in the European Union. The present study included a qualitative analysis to examine the effects of International Financial Reporting Standard 15 (IFRS 15) on financial statements. Through an extensive examination of prior scholarly investigations and pertinent literature pertaining to the variables under investigation, which were utilised as valuable sources of knowledge for the researcher, the present study enhances and broadens the scope of these preexisting studies. The researcher provides commentary on the aforementioned studies in order to underscore the advantages that the present study derives from them, as well as to delineate its distinctive attributes. The existing scholarly literature demonstrates a substantial corpus of knowledge pertaining to the cognitive linkages among the variables under investigation (IFRS 15 standard, accounting disclosure, and investor decisions). Prior research on revenue accounting and its study variables has exhibited variability in terms of objectives. These studies have concentrated on the significance of specific variables, investigated correlational associations, or scrutinized the interplay among the three variables, with particular emphasis on the influence of accounting disclosure on investor decision-making. This study examines the effects of applying IFRS 15 on enhancing accounting disclosure requirements and its influence on investor decision-making within a selected sample from the Iraqi securities market. This study investigates the relationship between two variables that have not been previously evaluated in conjunction. While prior research has explored the impact of IFRS 15 (revenue from customer contracts) on its own, little attention has been given to its connection with disclosure practices and subsequent investor decisions. The study hypotheses were created in accordance with the research questions, taking into consideration the research problem, aims, and past studies. In order to address and empirically establish the associations, the subsequent hypotheses were formulated:

Hypothesis 3: *There is a significant impact of implementing IFRS 15 on investor decisions.*

Hypothesis 4: *Disclosure requirement significantly mediates between implementing IFRS 15 and investor decisions.*

Underpinning Theories

The primary function of theory within the realm of study is to function as a guiding framework or foundational underpinning for researchers, aiding them in the formulation of inquiries and hypotheses, as well as in the assessment of research methodologies (Bedford, Bugeja, & Ma, 2022). To enhance comprehension, the researcher intends to examine the key accounting theories employed in formulating the theoretical framework and research hypotheses. This examination aims to elucidate the correlation between the variables under investigation and the influence of implementing IFRS 15 on enhancing disclosure requirements, as well as its implications on investor decision-making.

This theory defines agency as a contractual relationship in which one or more shareholders delegate authority to an executive manager to perform specific services and make decisions on their behalf. It is essential for reducing the information asymmetry between investors and administrators (Malo-Alain, Aldoseri, & Melegy, 2021). According to the agency theory, agency conflicts arise when managers (agents) adopt opportunistic actions to advance their own interests. These managerial actions may delude stakeholders regarding the company's market value and financial position, causing investors to make poor economic choices. Consequently, compliance with IFRS would lead firms to limit accounting options and increase disclosure (Shakespeare, 2020). The application of International Financial Reporting Standard 15 (IFRS 15) has a favorable effect on the informational value of financial statements that are published. This is achieved through the improvement of the true depiction of the financial performance of economic entities, strengthening comparability, and raising the informative nature of financial statements. As a result, this process effectively decreases the imbalance of knowledge among individuals or groups involved and minimizes the occurrence of self-serving actions by managers. Numerous scholars have examined the matter of revenue disclosure in accordance with IFRS 15, employing the lens of agency theory. Their investigations have revealed that the implementation of IFRS 15 leads to an enhancement in the informative nature of accounting profits or revenues (Nurunnabi, 2021). According to the principles of agency theory, the act of disclosing higher levels of income serves to mitigate the information asymmetry that exists between managers and stakeholders. Consequently, this disclosure has a favorable impact on investment decisions.

Signalling is a general phenomenon that can be observed in any market that exhibits information asymmetry. The presence of information asymmetry is a common occurrence in the relationship between management and stakeholders. Signalling theory

posits that organisations that operate efficiently take measures to offer investors relevant information, hence enhancing their access to capital (Majeed & Yan, 2022). According to signalling theory, the adoption of International Financial Reporting Standards (IFRS) serves as a positive indicator of improved quality and transparency in financial reporting. This is achieved by boosting the accuracy of expectations among all market participants, thereby positively influencing their decision-making processes and overall market efficiency. The utilisation of International Financial Reporting Standards (IFRS) conveys to investors that corporations are inclined to divulge a greater amount of information, hence augmenting transparency and mitigating information asymmetry (Majeed & Yan, 2022). Within the realm of revenue recognition and disclosure, the act of management engaging in early recognition and disclosure prior to the point of revenue recognition, specifically before the sale is finalised and the obligation is transferred to the customer, is regarded as an unethical conduct. This practise is employed as a means to attract current or prospective investors and bolster the favourable perception of companies. Signalling theory is considered the most appropriate framework for the application of International Financial Reporting Standards (IFRS), specifically in relation to the recognition of revenue under IFRS 15. The use of these measures results in notable enhancements in the standards for presenting and disclosing information. This, in turn, communicates valuable messages to shareholders, so augmenting the convergence and overall quality of information. Consequently, this factor has an impact on the process of making investment decisions. Numerous studies have demonstrated that the implementation of International Financial Reporting Standards (IFRS) or specifically IFRS 15 has significant implications in accordance with the principles of signalling theory (Barth, 2022).

RESEARCH METHODS

The study employs a descriptive technique to address the theoretical dimension of examining the research topic and substantiating its hypotheses. The study employed an analytical descriptive methodology in its applied element. This involved the utilization of a designed questionnaire administered through personal interviews. The study sample consisted of investors and employees from companies listed on the Iraq Stock Exchange. The aim of this approach was to fulfill the study objectives. The study's sample consisted of professional investors who were recruited by direct outreach or indirect means such as visits to financial brokerage businesses. This approach was necessary due to the unavailability of an appropriate sample of investors. The researcher disseminated a total of 350 questionnaires to the target population, of which 294 questionnaires were collected, accounting for 84% of the target population. The research questionnaire was modified to correspond with the research objectives and was constructed on a five-point Likert scale. The acquired data were transcribed and afterward analyzed using the SPSS-AMOS program, which enabled the examination of the correlations between the variables under investigation. Table 1 presents the

statistical summary of the study sample, specifically focusing on demographic characteristics.

Table 1: Descriptive Statistics

	Category	No	Percentage		Category	No	Percentage
Gender	male	192	65	Gender	Female	102	35
Age	less than 25	64	21.8	Experience	Less than 5 years	31	10.5
	25_35	73	24.7		5-10 years	59	20.1
	25_45	81	27.6		10 to 15 years	38	12.9
	45 years and more	76	25.9		More than 15 years	37	12.6
					other	129	43.9
Academic qualification		33	11.2	Scientific	accountant	78	26.5
	diploma	159	54.1		checker	64	21.7
	Bachelor's	38	12.9		Auditor	67	22.7
	Master's	35	11.9		Financial Analyst	39	13
	PhD	29	9.9		Investor	46	15.6

Source: Prepared by the researcher (2023).

According to the data presented in the table above, the majority of the sample population is comprised of males who possess primarily a bachelor's degree. Moreover, the majority of individuals in this profession are engaged in accounting-related roles, such as auditors, accountants working within partnerships, or external auditors. This implies that they possess knowledge regarding the matters pertaining to revenue recognition, measurement, and disclosure. The factors are assessed using survey questions that have been derived from previous scholarly works. As an illustration, the assessment of the implementation of International Financial Reporting Standards (IFRS) is evaluated using a set of seven criteria derived from the work of [Alawneh \(2022\)](#). The evaluation of disclosure requirements encompasses five indicators adapted from the research conducted by [Tsalavoutas, Tsoligkas, and Evans \(2020\)](#). Similarly, the measurement of investor decision-making incorporates five inquiries drawn from the study conducted by [Combrink and Lew \(2020\)](#). The research employed a single independent variable, referred to as the implementation of International Financial Reporting Standards 15 (IFRS 15 or IIFRS). Additionally, a mediating variable was included in the study, known as disclosure requirement (DR). Lastly, the dependent variable under investigation was investor decision (ID). The variables depicted in [Figure 1](#) are provided.

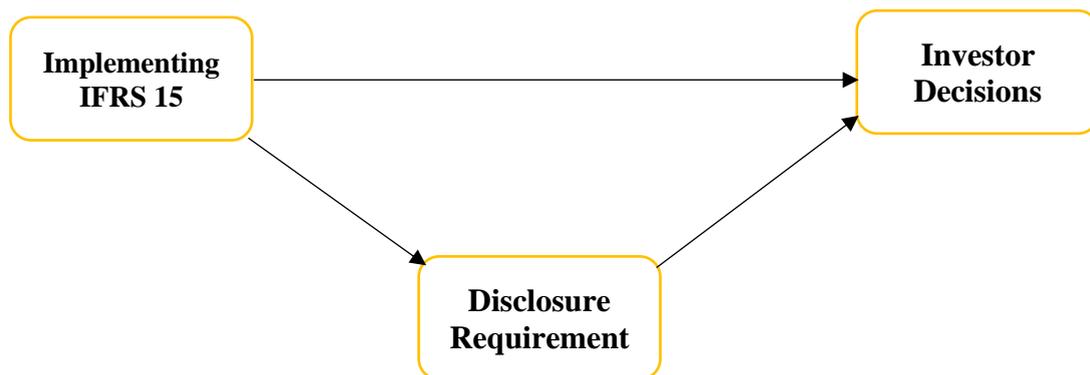


Figure 1: Theoretical framework

RESULTS

The results demonstrate convergent validity, indicating a significant link among the items. The findings indicate that the composite reliability (CR) values exceed the threshold of 0.70. Additionally, the factor loadings and average variance extracted (AVE) values are equal to or greater than 0.50. Also, the AVE values surpass both the minimum shared variance (MSV) and average shared variance (ASV) values. The results presented demonstrate robust convergent validity. The data is presented in [Table 2](#).

Table 2: Convergent validity

Constructs	Items	Loadings	CR	AVE	MSV	ASV
Implementing IFRS 15	IIFRS1	0.998	0.945	0.718	0.445	0.240
	IIFRS2	0.753				
	IIFRS3	0.696				
	IIFRS4	0.983				
	IIFRS5	0.742				
	IIFRS6	0.688				
	IIFRS7	0.993				
Disclosure Requirement	DR1	0.814	0.918	0.691	0.445	0.289
	DR2	0.844				
	DR3	0.838				
	DR4	0.784				
	DR5	0.875				
Investor Decisions	ID1	0.591	0.852	0.542	0.134	0.084
	ID2	0.861				
	ID3	0.666				
	ID4	0.877				
	ID5	0.639				

The results also demonstrate discriminant validity, indicating the presence of correlations among variables. The findings indicate that the initial value is greater than the remaining values within the column. The results demonstrate the presence of reliable discriminant validity. The aforementioned data is presented in [Table 3](#).

Table 3: Discriminant validity

	DR	IIFRS	ID
DR	0.832		
IIFRS	0.667	0.847	
ID	0.366	0.187	0.736

The results also demonstrated the model's strong level of fitness. The examination of the data employs the Tucker-Lewis index (TLI) and the comparative fit index (CFI), both of which have values exceeding 0.90. The examination of the square error of approximation (RMSEA) is also conducted, with results that do not exceed 0.05. The values exposed by the model are a good fit. The data is presented in [Table 4](#).

Table 4: Model good fitness

Selected Indices	Result	Acceptable level of fit
TLI	0.966	TLI > 0.90
CFI	0.971	CFI > 0.90
RMSEA	0.001	RMSEA < 0.05 good; 0.05 to 0.10 acceptable

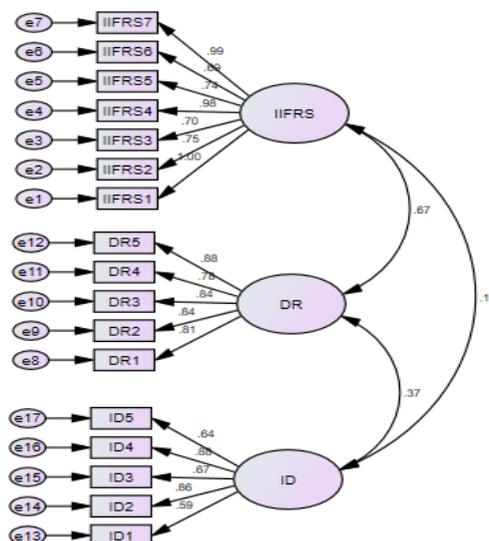


Figure 2: Measurement model assessment

The results of the direct path analysis revealed a significant positive relationship between the implementation of International Financial Reporting Standards (IFRS) and disclosure requirements, as well as investor decisions. This finding supports the acceptance of hypotheses H1 and H2. Likewise, the findings also revealed that the inclusion of disclosure requirements is positively correlated with investor decision-making, therefore confirming hypothesis H3. The aforementioned results are presented in Table 5.

Table 5: Direct path analysis

Relationships			Beta	S.E.	C.R.	P
Disclosure Requirement	<---	Implementing IFRS 15	0.724	0.041	17.484	0.000
Investor Decisions	<---	Implementing IFRS 15	0.103	0.033	3.121	0.021
Investor Decisions	<---	Disclosure Requirement	0.335	0.062	5.389	0.000

The results of the indirect path analysis revealed that the disclosure requirement plays a substantial mediating role in the relationship between the implementation of IFRS 15 and investor decision-making, thereby confirming Hypothesis 4. The results are presented in Table 6.

Table 6: Indirect path analysis

	Implementing IFRS 15	Disclosure Requirement
Disclosure Requirement	0.000	0.000
Investor Decisions	0.306	0.000

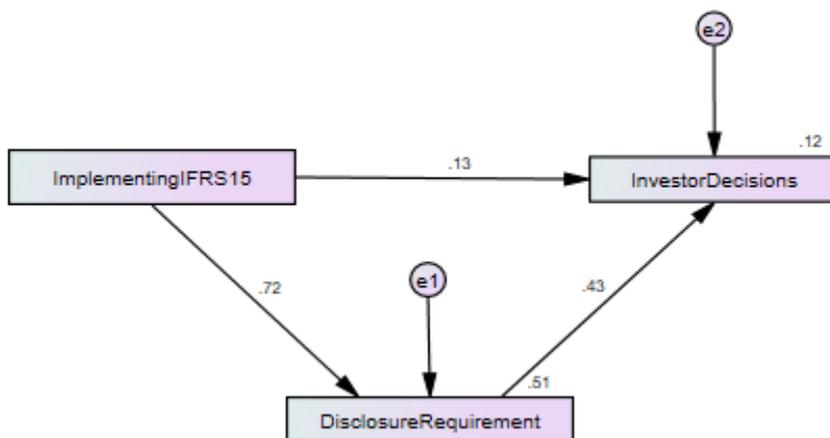


Figure 3: Structural model assessment

DISCUSSIONS

The findings of the study indicate that the adoption of International Financial Reporting Standards (IFRS) 15 has a favorable impact on the decision-making process of investors. These findings are consistent with the findings of [Baksaas and Stenheim \(2019\)](#), suggesting that firms when using IFRS 15, engage in the process of estimating the precise revenues derived from contracts with specific clients, as well as adjusting for costs incurred in each transaction. The detailed documentation of customer contract revenues serves as a precise indicator of a firm's current financial state and aids investors in making informed judgments. The findings presented in this study are corroborated by the research conducted by [Laouane and Torra \(2022\)](#), who assert that adherence to the international accounting standard known as IFRS 15 leads to the provision of clear and comprehensive information pertaining to contractual agreements with consumers. Specifically, this includes detailed insights into individual transactions and the revenues derived from such contracts. The platform offers investors high-quality information to facilitate informed decision-making. The findings are consistent with the research conducted by [Hussain \(2022\)](#). According to a previous study, the implementation of IFRS 15 has been found to facilitate effective decision-making for investors. The findings of the study indicate that the implementation of IFRS 15 has a beneficial impact on the obligations related to disclosure. These findings are consistent with the study conducted by [Christensen et al. \(2020\)](#), which investigates the effects of adopting IFRS 15 on disclosure obligations. The research suggests that the adoption of International Financial Reporting Standard 15 (IFRS 15) necessitates the organization's accounting and financial reporting people to organize data pertaining to its client contracts and the anticipated revenues derived from these contracts. The precise details and numerical values pertaining to both realized and projected revenues are revealed. Therefore, International Financial Reporting Standard 15 (IFRS 15) fulfills the necessary disclosure obligations. The results presented in this study are further corroborated by [Tibiletti et al. \(2021\)](#), who assert that organizations exhibit a proclivity to document the specific details of contractual agreements with their clientele, as well as the impact of these contracts on the firm's overall income generation. Individuals make a conscious effort to refrain from making inaccurate comments, withholding relevant details, and providing ambiguous information. According to the International Financial Reporting Standards (IFRS) 15, the disclosure requirements have been satisfied. The findings are consistent with the research conducted by [Piosik \(2021\)](#), which posits that the adoption of IFRS 15 promotes the provision of high-quality information and fulfills disclosure obligations..

The results indicate that the implementation of disclosure regulations has a favorable impact on the decision-making process of investors. These findings are consistent with

the research conducted by [Breijer and Orij \(2022\)](#), which suggests that investors are required to establish and sustain a financial stake in the organization while assuming associated risks. Prior to making an investment or during the investment period, individuals consistently seek accurate and unambiguous information from the company. When the accountants of a firm demonstrate integrity and accountability in maintaining financial records and providing transparent information about the company, it instills a sense of satisfaction among investors, enabling them to make investment decisions with confidence. The findings presented in this study are further substantiated by the research conducted by [ul Haq and Arshi \(2022\)](#), who emphasize that adherence to disclosure standards by accountants in a company positively influences the quality of investment decision-making. The findings are consistent with the research conducted by [Abhayawansa and Adams \(2022\)](#). Based on previous research, it has been shown that when companies meet their disclosure standards, investors tend to make more favorable decisions regarding the company.

The results indicate that the presence of disclosure requirements plays a crucial role in mediating the relationship between the implementation of IFRS 15 and investor decision-making. These findings are consistent with the study conducted by [Dang et al. \(2019\)](#), which asserts that the adoption of IFRS 15 facilitates adherence to disclosure obligations by accountants, hence motivating investors to make decisions in their favor. The findings of [Saleh and Jawabreh \(2020\)](#) provide more evidence that adherence to disclosure standards is achieved when companies use IFRS 15 as their accounting standard. Consequently, investors are able to make informed and effective decisions under such circumstances. The findings are further corroborated by [Christensen et al. \(2020\)](#), who further validate the notion that the satisfaction of disclosure obligations serves as a substantial mediator in the relationship between the adoption of IFRS 15 and investor decision-making.

CONCLUSION

The primary aim of this study was to assess and illustrate the effects of implementing IFRS 15 on enhancing the extent and quality of accounting disclosure pertaining to revenue information, as well as its influence on investors' decision-making processes in companies listed on the Iraq Stock Exchange. Theoretical findings suggest that the implementation of IFRS 15 within the Iraqi market's listed companies would result in the provision of accounting information that exhibits the quality of faithful representation. Consequently, this would bolster users' trust in financial statements and have a positive impact on investors' willingness to engage in stock trading activities. Therefore, the implementation of these standards facilitates the rationalization of investment decisions for investors in those companies. The comprehensive accounting system implemented in Iraq showed deficiencies in effectively addressing revenue recognition and offering comprehensive revenue disclosure. However, it is worth noting

that Iraqi Accounting Standard No. 6 did provide some guidance on adhering to disclosure obligations pertaining to financial statements and accounting policies. However, it should be noted that the Iraqi accounting system does not encompass the "control-obligation" method, which is the basis for revenue recognition according to IFRS 15. The lack of sufficient information poses a barrier to providing investors with the necessary data for making informed investment choices. The statistical analyses conducted to assess the research hypotheses produced three primary findings. The adoption of IFRS 15 has been found to have a notable positive effect on enhancing accounting disclosure requirements. This is supported by statistical research, which indicates that the significance value for the independent variable "adoption of IFRS 15 revenue from contracts with customers" is below 0.05. Additionally, the statistical analysis reveals that the significance value for the intermediate variable "accounting disclosure requirements" in accordance with IFRS 15 is below 0.05, indicating a substantial positive influence on investors' decision-making. Finally, the adoption of IFRS 15 has a notable beneficial effect on investors' decision-making. This is supported by statistical research, which reveals that the significance value for the intermediate variable "adoption of IFRS 15 revenue from contracts with customers" is below the threshold of 0.05.

Recommendations and Future Work

The objective of this study is to investigate the prospective trajectory of publicly traded firms in the Iraqi markets about their implementation of International Financial Reporting Standard 15 (IFRS 15). The examination of the implementation of IFRS 15 within emerging securities markets has considerable significance due to its potential to yield substantial impacts on financial reporting in comparison to more developed and stable markets. The researchers provide a series of recommendations based on their findings, aimed at enhancing the rationality of investment decisions in mixed joint-stock companies listed on the Iraq Stock Exchange. These recommendations are derived from the implementation of IFRS 15, which pertains to revenue recognition from contracts with consumers. The recommendations propose that listed joint-stock companies in the Iraq Stock Exchange should be required to adhere to International Financial Reporting Standards (IFRS) when preparing financial statements. This is to ensure the provision of valuable accounting information to both general users of financial statements and investors specifically. Additionally, it is advisable to develop training programs and seminars aimed at enhancing the knowledge and understanding of accountants and auditors regarding the stipulations and execution of International Financial Reporting Standard 15 (IFRS 15). Moreover, it is imperative to do additional research in order to analyze the effects of the adoption of International Financial Reporting Standards (IFRS) 15 on various financial and non-financial performance metrics inside publicly traded organizations.

REFERENCES

- Abhayawansa, S., & Adams, C. (2022). Towards a conceptual framework for non-financial reporting inclusive of pandemic and climate risk reporting. *Meditari Accountancy Research*, 30(3), 710-738. doi: <https://doi.org/10.1108/MEDAR-11-2020-1097>
- Aladwan, M. (2019). Fluctuations of stock price and revenue after the early adoption of IFRS 15, revenue from contracts with customers. *Italian Journal of pure and applied mathematics*, 41, 691-707. Retrieved from https://ijpam.uniud.it/online_issue/201941/63-Aladwan%20fluctuations.pdf
- Alawneh, A. (2022). The Effect of Implementing the International Financial Reporting Standards (IFRS) on Jordanian Financial Market Reporting Effectiveness. *International Journal of Information, Business and Management*, 14(3), 93-102. Retrieved from <https://www.proquest.com/openview/d21301c34becf5bfdd63b9dcaaf07a360>
- Altaji, F., & Alokdeh, S. (2019). The impact of the implementation of international financial reporting standards no. 15 on improving the quality of accounting information. *Management Science Letters*, 9(13), 2369-2382. doi: <https://doi.org/10.5267/j.msl.2019.7.018>
- Baksaas, K. M., & Stenheim, T. (2019). Proposal for improved financial statements under IFRS. *Cogent Business & Management*, 6(1), 1642982. doi: <https://doi.org/10.1080/23311975.2019.1642982>
- Barth, M. E. (2022). Accounting standards: the ‘too difficult’ box—the next big accounting issue? *Accounting and Business Research*, 52(5), 565-577. doi: <https://doi.org/10.1080/00014788.2022.2079757>
- Bedford, A., Bugeja, M., & Ma, N. (2022). The impact of IFRS 10 on consolidated financial reporting. *Accounting & Finance*, 62(1), 101-141. doi: <https://doi.org/10.1111/acfi.12782>
- Belesis, N., Sorros, J., Karagiorgos, A., & Kousounadis, P. (2021). Cumulative effect of IFRS 15 and IFRS 16 on maritime company financial statements: a hypothetical case. *SN Business & Economics*, 1(3), 1-20. doi: <https://doi.org/10.1007/s43546-021-00043-y>
- Boujelben, S., & Kobbi-Fakhfakh, S. (2020). Compliance with IFRS 15 mandatory disclosures: an exploratory study in telecom and construction sectors. *Journal of Financial Reporting and Accounting*, 18(4), 707-728. doi: <https://doi.org/10.1108/JFRA-10-2019-0137>
- Breijer, R., & Orij, R. P. (2022). The comparability of non-financial information: An exploration of the impact of the non-financial reporting directive (NFRD, 2014/95/EU). *Accounting in Europe*, 19(2), 332-361. doi: <https://doi.org/10.1080/17449480.2022.2065645>
- Christensen, B. E., Eilifsen, A., Glover, S. M., & Messier Jr, W. F. (2020). The effect of audit materiality disclosures on investors’ decision making. *Accounting, Organizations and Society*, 87, 101168. doi: <https://doi.org/10.1016/j.aos.2020.101168>

- Coetsee, D., Mohammadali-Haji, A., & van Wyk, M. (2022). Revenue recognition practices in South Africa: An analysis of the decision usefulness of IFRS 15 disclosures. *South African Journal of Accounting Research*, 36(1), 22-44. doi: <https://doi.org/10.1080/10291954.2020.1855886>
- Combrink, S., & Lew, C. (2020). Potential underdog bias, overconfidence and risk propensity in investor decision-making behavior. *Journal of Behavioral Finance*, 21(4), 337-351. doi: <https://doi.org/10.1080/15427560.2019.1692843>
- Dang, T., Phan, T., Tran, V., Tran, T., & Pham, T. (2019). The impact of accounting disclosures on individual investors' decision making in Vietnam Stock Market. *Management Science Letters*, 9(13), 2391-2402. doi: <https://doi.org/10.5267/j.msl.2019.7.016>
- Efimova, O., Rozhnova, O., & Gorodetskaya, O. (2019). Xbrl as a tool for integrating financial and non-financial reporting. In *The 2018 International Conference on Digital Science* (pp. 135-147). Springer. doi: https://doi.org/10.1007/978-3-030-37737-3_13
- Elkins, H., Entwistle, G., & Schmidt, R. N. (2021). The influence of opportunistic capital structure disclosure in international financial reporting on nonprofessional investors. *Journal of International Accounting, Auditing and Taxation*, 42, 100378. doi: <https://doi.org/10.1016/j.intaccudtax.2021.100378>
- Ergüden, A. E. (2020). Analysis of Tourism Companies Listed in Istanbul Stock Exchange According to IFRS-15 Standart. *International Journal of Finance & Banking Studies*, 9(1), 47-57. doi: <https://doi.org/10.20525/ijfbs.v9i1.650>
- Hadi, A.H., Ali, M.N., Al-shiblawi, G.A.K., Flayyih, H.H., Talab, H.R. (2023). The Effects of Information Technology Adoption on the Financial Reporting: Moderating Role of Audit Risk. *International Journal of Economics and Finance Studies*, 15(1), 47-63. doi: <https://doi.org/10.34111/ijefs.2022315104>
- Hamawandy, N. M., Azzat, R. S., Hamad, S. A., & bdulmajeed Jamil, D. (2021). The Role of Segment Financial Reports in Rationalising Investment Decisions in Iraq. *Journal of Contemporary Issues in Business and Government Vol*, 27(1), 3058-3068. Retrieved from https://cibg.org.au/pdf_9573_c77eb24c94c09eff9926533997fed0e9.html
- Hoti, A., & Krasniqi, L. (2022). Impact of international financial reporting standards adoption on the perception of investors to invest in small-to-medium enterprise adopting transparency in disclosure policies. *International Journal of System Assurance Engineering and Management*, 13(Suppl 1), 506-515. doi: <https://doi.org/10.1007/s13198-021-01501-4>
- Hussain, M. B. (2022). Evaluating International Financial Reporting Standards and Generally Accepted Accounting Principles in a Local Context: A Case from Pakistan. *Academy of Education and Social Sciences Review*, 2(2), 70-80. doi: <https://doi.org/10.48112/aessr.v2i2.363>
- Imhanzenobe, J. (2022). Value relevance and changes in accounting standards: A review of the IFRS adoption literature. *Cogent Business & Management*, 9(1), 2039057. doi: <https://doi.org/10.1080/23311975.2022.2039057>

- Kabir, H., & Su, L. (2022). How did IFRS 15 affect the revenue recognition practices and financial statements of firms? Evidence from Australia and New Zealand. *Journal of International Accounting, Auditing and Taxation*, 49, 100507. doi: <https://doi.org/10.1016/j.intaccaudtax.2022.100507>
- Karim, M. R., & Riya, A. I. (2022). Compliance of disclosure requirements of IFRS 15: an empirical evidence from developing economy. *International journal of disclosure and governance*, 19(3), 301-312. doi: <https://doi.org/10.1057/s41310-022-00146-4>
- Kobbi-Fakhfakh, S., & Boujelben, S. (2021). The Effects of IFRS 15 Mandatory Adoption on Financial Statements. *IUP Journal of Accounting Research & Audit Practices*, 20(3), 7-32. Retrieved from <https://ssrn.com/abstract=4084440>
- Laouane, A. L., & Torra, M. (2022). The impact of the adoption of IFRS on turnover: a comparative analysis with the Moroccan accounting framework. *Revue du Contrôle de la Comptabilité et de l'Audit*, 6(1), 130-141. doi: <https://dx.doi.org/10.5281/zenodo.6454379>
- Majeed, M. A., & Yan, C. (2022). Financial statement comparability and stock liquidity: evidence from China. *Applied Economics*, 54(47), 5497-5514. doi: <https://doi.org/10.1080/00036846.2022.2047597>
- Malo-Alain, A., Aldoseri, M., & Melegy, M. (2021). Measuring the effect of international financial reporting standards on quality of accounting performance and efficiency of investment decisions. *Accounting*, 7(1), 249-256. doi: <https://doi.org/10.5267/j.ac.2020.9.011>
- Mattei, G., & Paoloni, N. (2019). Understanding the potential impact of IFRS 15 on the telecommunication listed companies, by the disclosures' study. *International Journal of Business and Management*, 14(1), 169-179. doi: <https://doi.org/10.5539/ijbm.v14n1p169>
- Napier, C. J., & Stadler, C. (2020). The real effects of a new accounting standard: the case of IFRS 15 Revenue from Contracts with Customers. *Accounting and Business Research*, 50(5), 474-503. doi: <https://doi.org/10.1080/00014788.2020.1770933>
- Nikkeh, N.S., Hasan, S.I., Saeed, H.S., Flayyih, H.H. (2022). THE ROLE OF COSTING TECHNIQUES IN REDUCTION OF COST AND ACHIEVING COMPETITIVE ADVANTAGE IN IRAQI FINANCIAL INSTITUTIONS. *International Journal of Economics and Finance Studies*, 14(4), pp. 62–79. <http://sobiad.org/menuscrypt/index.php/ijefs/article/view/1298>
- Nurunnabi, M. (2021). Disclosure, transparency, and international financial reporting standards. In *International Financial Reporting Standards Implementation: A Global Experience* (pp. 199-311). Emerald Publishing Limited. doi: <https://doi.org/10.1108/978-1-80117-440-420211005>
- Nurunnabi, M., Donker, H., & Jermakowicz, E. K. (2022). The impact of mandatory adoption of IFRS in Saudi Arabia. *Journal of International Accounting, Auditing and Taxation*, 49, 100509. doi: <https://doi.org/10.1016/j.intaccaudtax.2022.100509>
- Ogunode, O. A., & Salawu, R. O. (2021). Revenue recognition dilemma under international financial reporting standard (IFRS 15): Perspectives from key

- impacted firms in Nigeria. *Accounting and Finance*, 9(5), 916-926. doi: <https://doi.org/10.13189/ujaf.2021.090503>
- Onie, S., Ma, L., Spiropoulos, H., & Wells, P. (2023). An evaluation of the impacts of the adoption of IFRS 15 Revenue from Contracts with Customers. *Accounting & Finance*, 63(S1), 953-973. doi: <https://doi.org/10.1111/acfi.12978>
- Öztürk, C. (2022). Some observations on IFRS 15 and IFRS 16 in the airline industry: The case of Air France–KLM. In *Perspectives on International Financial Reporting and Auditing in the Airline Industry* (pp. 51-80). Emerald Publishing Limited. doi: <https://doi.org/10.1108/S1479-351220220000035003>
- Piosik, A. (2021). Revenue recognition in achieving consensus on analysts' forecasts for revenue, operating income and net earnings: The role of implementing IFRS 15. Evidence from Poland. *Procedia Computer Science*, 192, 1560-1572. doi: <https://doi.org/10.1016/j.procs.2021.08.160>
- Prather-Kinsey, J., De Luca, F., & Phan, H.-T.-P. (2022). Improving the global comparability of IFRS-based financial reporting through global enforcement: a proposed organizational dynamic. *International journal of disclosure and governance*, 19(3), 330-351. doi: <https://doi.org/10.1057/s41310-022-00145-5>
- Quagli, A., Roncagliolo, E., & D'Alauro, G. (2021). The preparedness to adopt new accounting standards: A study of European companies on the pre-adoption phase of IFRS 15. *International journal of disclosure and governance*, 18(3), 290-303. doi: <https://doi.org/10.1057/s41310-021-00116-2>
- Sahputra, I., Noveriansi, R., & Muda, I. (2022). The Principle of Measurement of Revenue based on International Financial Reporting Standard (IFRS) in Pharmaceutical Corporation. *Journal of Pharmaceutical Negative Results*, 13, 1631-1637. doi: <https://doi.org/10.47750/pnr.2022.13.S03.251>
- Saleh, M. M. A., & Jawabreh, O. A. (2020). Role of environmental awareness in the application of environmental accounting disclosure In tourism and hotel companies and its impact on Investor's decisions in Amman Stock Exchange. *International Journal of Energy Economics and Policy*, 10(2), 417-426. doi: <https://doi.org/10.32479/ijeep.8608>
- Saptono, P. B., & Khozen, I. (2021). Tax Administration Issues on Revenue Recognition after IFRS 15 Adoption in Indonesia. *Jurnal Borneo Administrator*, 17(2), 169-182. doi: <https://doi.org/10.24258/jba.v17i2.877>
- Shakespeare, C. (2020). Reporting matters: the real effects of financial reporting on investing and financing decisions. *Accounting and Business Research*, 50(5), 425-442. doi: <https://doi.org/10.1080/00014788.2020.1770928>
- Stefanov, S., Georgieva, D., & Vasilev, J. (2022). Issues in the Disclosure of Financial Information by Multinational Enterprises. *TEM Journal*, 11(1), 5-12. doi: <https://doi.org/10.18421/TEM111-01>
- Talab, H.R., Flayyih, H.H. (2023). An Empirical Study to Measure the Impact of Information Technology Governance Under the Control Objectives for Information and Related Technologies on Financial Performance. *International Journal of Professional Business Review*, 8(4), e01382.

<https://doi.org/10.26668/businessreview/2023.v8i4.1382>

- Tarca, A. (2020). The IASB and comparability of international financial reporting: Research evidence and implications. *Australian Accounting Review*, 30(4), 231-242. doi: <https://doi.org/10.1111/auar.12326>
- Tibiletti, V., Marchini, P. L., Gamba, V., & Todaro, D. L. (2021). The impact of COVID-19 on financial statements results and disclosure: First insights from Italian listed companies. *Universal Journal of Accounting and Finance*, 9(1), 54-64. doi: <https://dx.doi.org/10.13189/ujaf.2021.090106>
- Tsalavoutas, I., Tsoligkas, F., & Evans, L. (2020). Compliance with IFRS mandatory disclosure requirements: a structured literature review. *Journal of International Accounting, Auditing and Taxation*, 40, 100338. doi: <https://doi.org/10.1016/j.intaccaudtax.2020.100338>
- ul Haq, I., & Arshi, T. A. (2022). The Impact of Covid-19 on IAS 1 Presentation of Financial Statements. *IUP Journal of Accounting Research & Audit Practices*, 21(1), 7-17. Retrieved from <https://www.proquest.com/openview/803b7c6d156c756e48c4abf4df1b21a5>
- Usurelu, V. I., Dutescu, A., & Jarvis, R. (2021). Challenges and controversies related to IFRS 15 implementation. In *Business Revolution in a Digital Era: 14th International Conference on Business Excellence, ICBE 2020, Bucharest, Romania* (pp. 331-343). Springer. doi: https://doi.org/10.1007/978-3-030-59972-0_23