Research Article

Volume 1, Issue X 2025
Page: 11-25
DOI: 10.5281/zenodo.18649231

Received: 20-12-2025 **Accept Date: 28-12-2025** **Published: 06-01-2026**

THE ROLE OF EARNINGS QUALITY IN FINANCIAL STATEMENT RESTATEMENTS: EVIDENCE FROM THE IRAQ STOCK EXCHANGE

BY
Ali Abdulamer Kadhim[1], Ahmed Jamal Kadhim[2]
[1&2]College of Administration and Economics, Al-Muthanna University, Iraq

Abstract
The research paper examines the contribution of earnings quality in the explanation of financial statement restatements in the case of industrial listed companies in the Iraq Stock Exchange (ISX). The study is based on the results of a sample of 25 industrial firms monitored during the years 2019-2024 and evaluated the quality of earnings is a timely signal of the failure of financial reporting in an emerging economy with a changing regulatory and governance framework. The quality of earnings is obtained with accrual-based discretionary accruals and financial statements restatements are obtained with binary indicator and a frequency-based measure. Using correlation analysis and panel regression models such as the logistic regression, the results show that there is a significant negative relationship between earnings quality and financial statements restatements. Companies with a better quality of earnings will not have as many restatements and restatement incidents. The regression findings also affirm the presence of statistically significant negative impact of earnings quality on the probability of restatement following firm size, leverage and audit quality. These results are in line with the previous evidence that earnings management undermines the reliability of reporting and makes the correction more likely in the future. This research also adds to the literature by offering new evidence within the Iraqi setting, in the role of earnings quality as a viable early-warning indicator among regulators, auditors, and investors. The findings highlight the need to increase audit quality, governance and enforcement practices to improve financial reporting credibility and alleviate the restatement risk in emerging economies.
Keywords: Earnings Quality; Financial Statement Restatements; Earnings Management; Audit Quality; Corporate Governance; Iraq Stock Exchange; Financial Reporting Quality.

1. Introduction

Transparency of financial reporting is a pillar to efficient capital markets and especially in the emerging economies where information asymmetry and institutional inefficiency is still common. Good quality of earnings helps to provide better evaluation of the firm performance by investors, efficient resource allocation and control of the behaviour of managers. On the other hand, low earnings quality is usually as such due to management opportunistic practices, bad governance structure or inefficient regulatory controls, and such could eventually result to restating the financial statements. Financial restatements are also a major failure in the financial reporting process since they provide an indication that past-issued financial statements were very wrong and inaccurate. The identification of the determinants of such restatements is hence of paramount relevance especially in less studied emerging markets like Iraq.

The concept of earnings quality is typically described as how well the reported earnings provide an accurate measure of underlying economic performance of firms and the ability to predict future cash flows. According to the previous studies, low earnings quality is often linked to earnings management practices, which can be either accrual manipulation or real activities manipulation to attain short-term goals (Algharaballi, 2013; Zakerian et al., 2021). The practices mislead financial information and are more prone to error or deliberate misstatements, which are later detected and result in restatements. Experience in many institutional environments suggests that aggressive earnings management compromises the relevance of financial statements and negatively affects the trust of the stakeholders.

Corporate governance systems are paramount to the earnings quality and the decrease of the threat of misreporting. Research has revealed that efficient audit committees, independent boards, and quality external audits help to enhance the quality of financial reporting and minimise managerial discretion (Mohammad & Ahmed, 2017; Dijeh et al., 2022). Specifically, the quality of audit committee leadership (expertise and independence) has been identified to limit earnings management and improve control of the reporting process (Al-Refiay, 2020). Weak governance systems, on the other hand, provide an environment where earnings manipulation becomes a possibility, and the likelihood of financial statement restatements is high.

The quality of earnings is also closely related to timeliness and transparency of financial reporting. Al Daoud et al. (2015) demonstrate that gaps in internal governance frameworks result in reporting delays, which are usually accompanied by poor reporting quality. Delay and opaqueness can help hide the misstatements in the short run and increase the chances of corrections in the future by restating the statements after the discovery of discrepancies. Equally, Jaff et al. (2021) point out that more expansive sustainability and governance aspects are positively correlated with financial reporting quality which implies that companies with low institutional practices have more risks related to reporting.

Earnings quality and risk of restatement are further required to be affected by the regulatory frameworks and accounting standards. The implementation of International Financial Reporting Standards (IFRS) e.g. is sometimes anticipated to help improve comparability and therefore transparency. There is some evidence that established markets indicate though that the benefits of IFRS adoption are contingent upon the quality of its enforcement and management incentives. According to Mousa (2022), although the implementation of IFRS 15 enhanced the quality of earnings in Palestinian listed companies, the quality of improvement was not similar to firms, which suggests that standards are not enough without effective governance and supervision. In less enforcement contexts, formal compliance may not stop earnings manipulation thus raising the chances of restatements.

Recent literature also focuses on the influence of the managerial behavioral traits on the earnings quality. It was demonstrated that managerial overconfidence and narcissism negatively affect the reporting discipline and the financial reporting transparency (Almaleki et al., 2021; Khalaf and Hussein, 2024). Overconfident managers can be overly optimistic about the performance and make aggressive accounting decisions that increase the chances of future amendments. This kind of behavioral determinants are especially applicable to the emerging markets that are characterized by concentrated ownership and a small number of mechanisms of monitoring.

Under the macro- institutional level, corruption and regulatory fragmentation make the interrelationship between the quality of earnings and financial reporting outcomes even more complicated. Dokas (2023) also presents information supporting the claim that increased levels of corruption undermine corporate governance effectiveness and contributing to the worsening of earnings management practices in the European countries. Equally, Bi et al. (2024) demonstrate that regulatory fragmentation may affect the incentives of managers in terms of earnings management with some consequences on the reliability of reporting. Such results indicate that institutional contexts are relevant in the analysis of financial statement restatements because the implications of low-quality earnings are magnified in weak regulatory environments.

Another pertinent dimension that is associated with the quality of earnings and reporting credibility is financial statement comparability. Thu and QuangHuy (2024) show that the greater the comparability, the lower the cost of equity of firms because investors have more confidence in reported figures. Low comparability which is more likely to arise due to aggressive accounting decisions can hide poor accounting and postpone the discovery of poor accounting, which in the end results in restatements. Therefore, the reliability of earnings is not only relevant to the firm level results, but also has more capital market consequences.

Although there is an increasing international evidence, little research has been done regarding earnings quality and financial statement restatements in the Iraqi first and foremost. Iraq Stock Exchange is a business in an emerging economy that is facing developmental regulatory systems, low enforcement capability, and institutional peculiarities. Such characteristics render Iraq an educative place to study the possibility of other emerging and developed markets to be informative in a post-conflict and transitional economy. Since the governance weaknesses, earnings management, and reporting failures were reported in similar markets (Ebaid, 2023), the exploration of the Iraqi case may add significant evidence to the literature.

Based on this, this paper will address how earnings quality can be used to explain financial statement restatements within companies trading in the Iraq Stock Exchange. This research has attempted to enlarge the existing literature in three significant manners by incorporating findings of previous researchers on earnings management, corporate governance, managerial behavior, and institutional quality. To begin with, it presents empirical data on a relatively unexplored market. Second, it demonstrates the applicability of the quality of earnings as a timely indicator of financial reporting failure. Third, it provides pragmatic implications on the regulators, auditors and investors who need to improve reporting credibility in emerging economies.

2. Theoretical Background

2.1 Earnings Quality.

One of the focal concepts of the financial reporting research is earnings quality which is the degree to which reported earnings accurately reflect the underlying economic performance of a firm and the extent to which it is helpful in making decisions. Sustainability, transparency, prompt recognition, and low managerial manipulation are typically the characteristics of high-quality earnings, and opportunistic earnings management and information obscurity are commonly the attributes of low-quality earnings.

There is a large amount of literature that associates the quality of earnings and earnings management practices intimately. The initial empirical data points to the fact that managers can use accrual-based or real earnings management to fulfill individual purposes, which can adversely affect the informational elements of the financial statements and the performance measurement in the firm (Algharaballi, 2013). These practices also diminish the use of earnings as a firm valuation measure and undermine the stakeholder capacity to assess future cash flows.

Earnings management constraints: The corporate governance systems are highly important to reduce the earnings management and improve the quality of earnings. The previous literature reports that the presence of proper internal governance systems especially audit committees, boards of directors, and external auditors enhance timeliness and credibility of financial reporting (Al Daoud et al., 2015; Mohammad and Ahmed, 2017). The attributes of board and audit committee (independence, expertise, and leadership qualities) have been reported to have a significant impact on minimizing the earnings manipulation and the overall quality of financial reporting (Al-Refiay, 2020; Daddau et al., 2023; Maidad et al., 2024).

The impact of managerial behavioral characteristics on the quality of earnings is also mentioned in recent studies. Managerial overconfidence and narcissism have been linked to a low level of comparability and high level of obscurity in the financial reports hence weakening the quality of earnings (Almaleki et al., 2021; Khalaf and Hussein, 2024). On the other hand, it has been discovered that managerial ability mediates the relationship between the quality of earnings and firm performance, which implies that inadvertent managers can promote the greater quality of earnings even in adverse environments (Saliu and Taqi, 2022).

Earnings quality results are also influenced by institutional and regulatory environments. Paradigm shift in terms of quality of earnings has received extensive studies regarding the adoption of international standards especially the IFRS due to its approach to enhancing comparability and reducing discretion. There is emerging market empirical evidence that IFRS implementation, including that of IFRS 15, enhances the quality of earnings by reducing earnings recognition at the first opportunity (Mousa, 2022; Alruwaili, 2026). Moreover, the behavior of earnings management is also determined by regulatory frameworks and levels of corruption, whereby better-established governance and regulatory fragmentation can be associated with less motivation to manipulate earnings (Dokas, 2023; Bi et al., 2024).

The quality of earnings are also intertwined with the more general firm characteristics, such as corporate reputation, sustainability, and comparability of financial statements. Companies that have better reputations and sustainability outlooks are likely to be less involved in earnings management and release better quality financial statements (Zakerian et al., 2021; Jaff et al., 2021). An increase in financial statement comparability has been found to lower information asymmetry and cost of equity, which supports the economic importance of the quality of earnings in capital market performance (Thu & Quang Huy, 2024).

Lastly, there is empirical evidence in the developing economies on the importance of governance and ownership structures in restraining the financial reporting fraud and earnings manipulations. The nature of the boards, incentives, and concentration of the directors of the companies have notable impacts on the quality of earnings and the probability of misreporting, especially in the banking and insurance industries (Ebaid, 2023; Salawu and Salawu, 2024; Dijeh et al., 2022; Sahm et al., 2024).

In general, the literature conceptualizes the quality of earnings as a multidimensional variable that depends on managerial behavior, the system of governance, accounting standards and institutional environments. It is important that earnings quality should be enhanced so that the credibility of financial reporting can be improved in order to protect investors and promote the efficiency of capital markets.

2.2. Financial Statement Restatements.

Financial statement restatements constitute a topic of vital importance in the study of financial reporting, as it is an indicator that promises the correction of the already issued financial statements because of a material misstatement, misstatement, fraud, or accounting standard violation. Restatements also hurt the reputation of the financial reports, and provoke questions about the quality of earnings, audit efficiency, corporate governance, and managerial incentives.

Restatement of financial statements is always associated with earnings management behavior in the literature. Initial results indicate that the discretion in accounting decisions by managers may result in high levels of aggressive earnings manipulation, which in turn, results in restatements on the occurrence of misstatements (Davidson et al., 2004). Empirical evidence reveals that restatements tend to take place after the stage of increased impression management and agency conflicts especially in settings that have weak monitoring systems.

The likelihood of restatement is determined by the institutional and regulatory environment. Investigations in the developing markets highlight that poor governance structures, poor enforcement, and weak institutional frameworks augment the earnings control as well as the likelihood of financial statement restatements (Al-Jalahma, 2019; Al-Ghamdi and Ali, 2012). On the other hand, improvements in the level of transparency and discipline of financial reporting through the adoption of high-quality accounting and auditing standards, including AAOIFI and international accounting standards, have been found to control earnings manipulation and reduce the risk of restatements (Al-Halabi et al., 2020; Kadhim and Bougatef, 2024)

The other determinant of financial statement restatements is audit quality. Auditor-identified misstatements, audit adjustments, and internal audit effectiveness have a strong relationship with restatement outcomes. It is shown that the high quality of audit increases the probability that the audit will detect misstatements before they occur, which reduces the occurrence of future restatements, and the attributes of poor audit quality are associated with postponed detection and more frequent restatements (Azad et al., 2023; Salehi et al., 2022; Al-Khazaali, 2023). External and internal auditors are important to limit opportunistic behavior and ensure reporting reliability (Hashim, 2025)

Corporate governance mechanisms also affect the restatement risk by impacting on monitoring and control. The nature of audit committee, board composition and leadership structure have been proven to have an impact on the intensity of earnings management and the quality of financial reporting which subsequently influences the probability of restatements (Ola &Ijwo, 2023; Jameel et al., 2024; Hammadi and Jassim, 2022). Weak governance systems permit the existence of the misstatements, the likelihood of the firms later restating their financial reports is high.

Restatement behavior is also due to managerial attributes and incentives. Accounting decisions and risky behaviors are determined by executive incentives, overconfidence, and demographic characteristics, which can increase the likelihood of misreporting and following restatements (Yahya, 2025; Li et al., 2024). These behavioural dimensions bring out the human aspect behind financial misstatements other than the technical accounting factors.

The Adjacent relationships between the quality of earnings and financial statement restatements are also considered in recent studies as the quality of earnings is a direct precedent of financial statement restatements. Companies that report low earnings persistence, low-quality accruals, and high-aggressive revenue recognition probability report high chances of restatement of financial statements (Khajavi and GhadirianArani, 2016; Rahman et al., 2024; Darabi and Mousa, 2024). The regulatory changes designed to reduce money laundering, disclosure practices, and financial stability are also interacting with the earnings management and restatements dynamics (Abdi and Soroushiyar, 2025; AlAwadi and Shaker, 2024; El-Sayed and Shemes, 2024)

Comprehensively, the literature conceptualizes the financial statement restatements as a result of complicated interactions amid earnings management practices, quality of audits, corporate regulation, managerial incentives, and institutional surroundings. The drivers are important to be known to regulators, auditors and investors who aim at increasing the reliability of financial reporting and decreasing the number of restatements.

3. Literature Review

The association between the quality of earnings and the restatements of the financial statements has obtained growing scholarly interest since most people consider financial restatements as apparent consequences of poor quality financial reporting. The earnings quality is an indicator of the extent to which reported earnings are true indicators of the underlying economic performance of a firm, whereas restatements are an indicator of previous misstatements due to errors, aggressive accounting policies, or deliberate earnings management.

One of the significant bodies of literature recognizes earnings management as a main precursor of low quality of earnings which consequently increases the chances of financial statement restatements. Experimental studies indicate that opportunistic earnings management (manipulation of accruals or reclassification of revenues) negatively affects earnings persistence and reliability and increases the likelihood that the financial statements previously issued will be revised later (Rahman et al., 2024; Darabi and Mousa, 2024). In an iconic investigation, Khajavi and GhadirianArani (2016) deliver the first-hand proof that earnings quality is a substantially greater indicator of financial statement restatements, which makes earnings quality a key explanatory variable.

The quality of audit has a key moderating influence on the earnings quality-restatement nexus. Quality audits also promote the discovery of misstatements and limit the earnings management, which is why it minimizes the restatement risk (Salehi et al., 2022; Jameel et al., 2024). Research on the emerging markets indicates that poor audit features and ineffective internal audit capabilities enable the existence of low-quality earnings to continue and more susceptible to financial fraud and following restatements (Al-Khazaali, 2023; Hamdan, 2025). External auditors also help in reducing the gap in disclosure and enhancing the quality of interim reporting which in turn enhances the quality of earnings and minimizes exposure to restatements (Hashim, 2025; Merhej, 2025).

Corporate governance systems also determine the relationship between the quality of earnings and restatements by affecting the managerial incentives and the efficiency of the monitoring systems. Previous studies record that the nature of the board structures, the efficiency of audit committees, ownership, and stability of governance have a significant impact on the level of earnings and financial reporting results (Aloys, 2025; Ghabranious and Ismail, 2024; Mahmoodi and Zalaghi, 2023). Weak governance frameworks undermine control and permit earnings manipulations and the likelihood of reinstated financial statements (Sabry and Hussein, 2023; Hussein, 2018).

Managerial qualities and incentive system also have a decisive role in establishing the quality of earnings. Research findings indicate that executive compensation, managerial skill, and demographics can affect accounting options and reporting practices, hence, the propensity to misstatements and restatements (Yahya, 2025; Bazrafshan et al., 2023). On the other hand, companies, which are headed by executives that are more talented or relatively conservative in their reporting, are likely to have higher quality of earnings and low risk of restatements (Li et al., 2024).

The further interaction of regulatory frameworks and adoption of accounting standards with earnings quality in determining the restatement outcomes occurs. According to empirical findings in Iraq and other emerging economies, the quality of earnings and financial reporting abnormalities decline following the adoption of international accounting and auditing standards, such as IFRS and increased disclosure requirements (Kadhim&Bougatef, 2024; Ali and Flayyih, 2021). In a similar way, anti-money laundering laws and stricter regulatory supervision are useful in limiting the earnings management and reducing the risk of restatement (Abdi and Soroushiyar, 2025).

Recent literature also gives this analysis further by relating the earning quality to wider financial implications of restatements, including instability in stock prices, financial distress, and the risk of bankruptcy. Companies with low quality of earnings are further prone to crash on the stock price, financial unsteadiness, and increased likelihood of bankruptcy which supports the financial importance of earnings quality outside instances of restatements (Salehi et al., 2022; Obaid et al., 2024; Al-Saedi et al., 2025).

On the whole, the literature has strong figures which illustrate that earnings quality is a crucial factor in explaining financial statement restatements. The quality of earnings, as a result of earnings management, poor governance, and low audit quality, is an essential factor that contributes to high likelihood of restatements and high-quality institutional framework, quality audit and quality governance mechanisms help reduce the risk of restatements. The above research indicates the relevance of the quality of earnings as one of the determinants of financial reporting credibility and reliability.

4. Hypothesis Development: Earnings Quality and Financial Statement Restatements

Financial statement restatements are typically interpreted as an ex post signal that previously issued financial reports contained material misstatements, whether arising from unintentional error or intentional reporting distortion. Conceptually, **earnings quality (EQ)** captures the extent to which reported earnings faithfully reflect underlying economic performance and are less affected by opportunistic managerial discretion. Accordingly, lower earnings quality—often associated with earnings management—should increase the likelihood that misstatements accumulate and are ultimately corrected through restatements.

Prior research provides a consistent theoretical basis for expecting an inverse association between earnings quality and restatement activity. Evidence on earnings management indicates that opportunistic reporting behavior reduces the reliability of accounting numbers and can impair subsequent performance assessments (Algharaballi, 2013). Governance and monitoring mechanisms (e.g., audit committee effectiveness and internal governance) are repeatedly linked to improving reporting discipline and timeliness, which are attributes aligned with higher reporting/earnings quality (Al Daoud et al., 2015; Mohammad & Ahmed, 2017). Studies focusing on audit committee leadership characteristics further reinforce that stronger oversight constrains earnings management and thereby supports higher-quality earnings (Al-Refiay, 2020).

Importantly, the earnings quality–restatement link is also supported by direct evidence that earnings quality is associated with the likelihood of restatements, where weaker earnings quality corresponds to a higher probability of restatement events (Khajavi & Ghadirian Arani, 2016). Complementary work suggests that stronger audit processes—reflected in audit adjustments and audit quality—improve the detection and correction of misstatements earlier, which should reduce the need for later restatements and is consistent with higher-quality earnings (Salehi et al., 2022). Recent evidence also indicates that audit characteristics influence earnings management behavior, reinforcing the mechanism through which reduced earnings management can enhance earnings quality and lower restatement risk (Jameel et al., 2024).

In addition, reporting standards and regulatory environments affect earnings quality by restricting discretionary reporting choices. For example, IFRS-related implementation has been examined as a channel that can improve earnings quality by constraining opportunistic revenue recognition practices (Mousa, 2022). Such improvements in earnings quality should, in turn, reduce misstatement accumulation and the subsequent need for restatements.

H1: Earnings *quality is negatively correlated with financial statement restatements.* Grounded in the documented link between earnings quality and restatement likelihood (Khajavi & Ghadirian Arani, 2016) and the role of earnings management in weakening reporting reliability (Algharaballi, 2013).

H2: Earnings *quality has a negative effect on the probability (or frequency) of financial statement restatements* .

This expectation is consistent with evidence that audit quality and audit adjustments strengthen reporting reliability (Salehi et al., 2022) and that audit characteristics influence earnings management behaviors that undermine earnings quality (Jameel et al., 2024), alongside governance mechanisms that enhance reporting discipline (Al Daoud et al., 2015; Al-Refiay, 2020; Mohammad & Ahmed, 2017).

5. Research Methodology

5.1Research Design

The research design that will be used in this research is a quantitative, explanatory research design because it aims to answer the research questions of whether earnings quality is an issue in financial statement restatement among industrial companies in the Iraq Stock Exchange (ISX). The empirical method is suitable because the aim of the study is to test the relationship between hypothesized relationships and causal influences based on the firm-level panel data. In line with previous research in the financial reporting and quality of earnings, the report is based on the standard and consistent financial data and econometrics analysis to produce credible and generalized evidence.

5.2. Sample Selection and Data Sources.

The research sample is composed of 25 Iraq Stock Exchange listed industrial companies in 2019-2024, which will provide an equal panel sample. This is because of the economic significance of the industrial sector and the fact that it is relatively more prone to accounting estimates, accrual judgments, and revenue recognition practices, which have a close relationship with the quality of earnings and restatement risk.

The following financial data were obtained:

Financial statements of the sampled firms published annually,

Reporting that is accessible in the Iraq Stock Exchange,

The additional corporate reports whenever necessary.

The duration of study encompasses recent regulatory, auditing and reporting trends in Iraq, which makes the results of the study to be current in the policy and practice.

5.3 Measurement of Variables

The Quality of Earnings (Independent Variable(

The most important independent variable in this research is the earnings quality (EQ). It shows to what degree reported earnings accurately reveal the underlying economic performance of firms, and whether they are not subject to opportunistic manipulation. As in earlier studies, accrual-based measures are used to define the quality of earnings, and they have been popular in terms of measuring earnings management and reporting reliability.

High quality earnings are represented by low discretionary accruals and low quality earnings represented by high discretionary accruals with high reporting risk. The conceptual basis of this method is that the earnings management undermines the informational power of earnings and makes the risk of misstatements more probable (Algharaballi, 2013.(

Financial Statement Restatements (Dependent Variable(

The dependent variable is financial statement restatements (FSR). Restatements are characterized as the cases when the companies update the financial statements that have been issued before because of material mistakes, inaccurate use of accounting standards, or misstatements. Restatements are to be measured in two complementary ways following the preliminary research work:

A binary variable, which has one (1) as a value when a firm issues a restatement during a given year and 0 otherwise.

Frequency-based measure, which is the amount of restatements that a firm issues during the period of the study.

This two measurement enables strength on both correlation and regression and is consistent with the available evidence, which connects earnings quality with restatement likelihood (Khajavi and GhadirianArani, 2016)

Control Variables

To find out pure effect of earnings quality on restatements, the study includes various control variables that are most widely applied in research on financial reporting. These are firm size, leverage, and audit related features, which are linked to reporting discipline and misstatements detection. Previous research suggests that the quality of the audit, the adjustments to the audit, and the governance systems are important factors that limit the earnings management and enhance the reliability of the reporting (Salehi et al., 2022; Jameel et al., 2024; Al Daoud et al., 2015)

5.4. Hypotheses Testing Models

Correlation Analysis (H1)

To test H1 which states that there is a negative correlation between earnings quality and financial statement restatements, Pearson and Spearman correlation are performed. This step gives preliminary support to the direction and the strength of the relationship between the measures of quality of earnings and the indicators of restatements.

H1:There is negative earnings quality correlation with the financial statement restatements.

This is based on the previous empirical evidence that weaker earnings quality firms have a greater risk of restating financial statements because of the cumulative misstatements (Khajavi and GhadirianArani, 2016) and negative link of earnings management to reporting reliability (Algharaballi, 2013)

Regression Analysis (H2)

The study uses panel regression models that utilize binary and count dependent variables to test H2, namely, logistic regression and panel count models where the applicable models are used. The general regression specification is the following:

$$FSRit=\alpha+\beta 1EQit+\sum \beta kControlsit+\varepsilon it$$

represents quality of earnings, and the control variables include audit and governance related effects.

H2:The quality of earnings has a detrimental impact on the likelihood (or occurrence) of financial statement restatements.

This hypothesis can be supported by the fact that increased audit quality and audit adjustments lead to better reporting reliability (Salehi et al., 2022), that audit attributes can affect the earnings management behavior (Jameel et al., 2024), and that better governance results in better financial reporting discipline (Al Daoud et al., 2015; Al-Refiay, 2020; Mohammad and Ahmed, 2017).

5.5.Strength and Tests of Diagnosis.

To prove the validity of the empirical findings, the research conducts a number of diagnostic tests, such as, multicollinearity tests, model specification tests, and robustness tests using alternative specifications of the variables. The procedures increase the believability of the results and support the methodology with the best practices of the international accounting research.

6. **Results**

6.1. Descriptive Statistics

Here, the descriptive statistics of all variables used in the empirical analysis will be provided which include, earnings quality, financial statement restatements, and the control variables. Before undertaking correlation and regression analyses, Descriptive statistics give an approximate picture of the distributional properties of the data as well as to determine the variability, central tendency and other possible anomalies in the data. Such statistics need to be reported in order to provide transparency, to assess the quality of the data, and to witness the appropriateness of the data set to the multivariate econometric modeling.

It comprises 25 industrial firms that are members of the Iraq Stock Exchange (ISX) monitored between 2019-2024 making the panel balanced in terms of firm-years. The variables are summarized as per the past survey of accounting and financial reporting studies with the mean, standard deviation, minimum and maximum values.

Table 1

Descriptive Statistics of Research Variables

Variable	Mean	Std. Dev.	Min	Max
Earnings Quality (EQ)	0.084	0.067	-0.215	0.312
Financial Statement Restatements (FSR – Dummy)	0.28	0.45	0.00	1.00
Financial Statement Restatements (FSR – Frequency)	0.46	0.78	0.00	3.00

Firm Size (SIZE)	14.92	1.21	12.64	17.38
Leverage (LEV)	0.41	0.19	0.07	0.82
Audit Quality (AUDQ)	0.56	0.50	0.00	1.00

The descriptive statistics show some significant information about the nature of sampled firms. The average earnings quality (EQ) is significantly low implying that the firms in the industry, on average, are characterized by moderate levels of discretionary accruals. Nonetheless, there is a large gap between minimum and maximum values, which implies that there is a good deal of heterogeneity in the quality of earnings of firms and across time. This change helps to confirm the empirical applicability of the research on the quality of earnings as a predictor of the financial statement restatements.

In terms of financial statement restatements, the average of the binary restatement variable (0.28) shows that about 28 percent of the observations of the firm-years have restatements in their financial statements, which is a non-trivial occurrence of reporting corrections in the Iraqi industrial industry. The frequency measure also reveals that as much as a large number of firms do not issue restatements, others firms have numerous restatements over the study period which indicates that the company is still struggling with reporting issues.

The control variables have a reasonable dispersion and are consistent with the expectations of new companies in the market. There is a moderate range in firm size indicating that there is a variance in organizational size which can affect the reporting procedures and monitoring vigor. There is a high level of dispersion of leverage, as there is a difference in the levels of financial risks that may influence earnings management and misstatements behavior incentives. The quality variable of the audit means that a significant percentage of companies are audited by higher quality, which can contribute to the enhancement of the reporting reliability and prevention of the restatement risk.

In general, the descriptive statistics indicate that the data can be effectively analyzed by use of correlation and regression analyses. The observed differences between the quality of earnings and the measures of restatements give enough empirical strength in order to test the hypotheses proposed. These initial results are in line with the previous evidence claiming that there is a correlation between earnings quality, audit-related factors, and financial statement restatements (Algharaballi, 2013; Khajavi and GhadirianArani, 2016; Salehi et al., 2022).

6.2. Testing of Hypothesis One (H1)

In this study, to test the first hypothesis, which suggests that the earnings quality has a negative relationship with financial statements restatement, a bivariate correlation analysis using SPSS is used. At this point, correlation analysis will be suitable since it will give an initial evidence of the direction, strength, and statistical significance of the relationship between the independent and dependent variables before examining it further in the multivariate regression analysis.

Due to the character of the variables, the test of linearity of associations between the continuous variables is conducted with the help of Pearson correlation, with a non-parametric test of robustness that is Spearman rank correlation. It is a two-fold method that increases the accuracy of the findings and aligns with the previous empirical studies on the topic of financial reporting and the quality of earnings (Khajavi and GhadirianArani, 2016).

Table 2

Correlation between Earnings Quality and Financial Statement Restatements

Variables	Earnings Quality (EQ)	FSR (Dummy)	FSR (Frequency)
Earnings Quality (EQ)	1	−0.342**	−0.381**
Financial Statement Restatements (Dummy)	−0.342**	1	0.614**
Financial Statement Restatements (Frequency)	−0.381**	0.614**	1

The findings in Table 2 support the Hypothesis H1 at a considerable empirical level. The Pearson correlation coefficients indicate that the quality of earnings has a negative and statistically significant correlation with both the measures of financial statement restatements.

Particularly, there is a negative relationship between the binary restatement indicator and earnings quality (r = [?]0.342, p < 0.01), which means that higher the earnings quality, the lower the probability of financial statement restatements. Equally, all the negative correlations between earnings quality and frequency of restatements (r = [?]0.381, p < 0.01) imply that lower quality of earnings correlates with higher instances of restatements in the future.

These results suggest that lower quality in earnings quality, as measured by increased discretionary accruals and earnings management, minimizes the quality of financial reporting and increases the number of misstatements, which culminates in restatements. The consistency in the results of the two measures of restatements makes the conclusion stronger.

In general, the correlation analysis proves that the quality of earnings is a key factor in the explanation of financial statement restatements, thus supporting H1. This fact is in line with other previous empirical research that captures the occurrence of more restatements among companies with poor earnings quality (Khajavi and GhadirianArani, 2016) and adds to the thesis that management of earnings undercuts the quality of reporting (Algharaballi, 2013)

6.3. Testing of Hypothesis Two (H2)

In order to validate the second hypothesis, this paper uses regression analysis to evaluate how the quality of earnings affects the probability and frequency of financial statements restatements after holding firm-specific and audit-related variables constant. Since the research involves measurement of financial statements through a binary indicator and a frequency-based measure, the analysis is based on the logistic regression models and panel count regression models, which are in line with the accepted traditions of financial reporting research.

Regression analysis enables one to isolate the pure effect of earnings quality on restatement behavior along with control of confounding variables including the firm size, leverage and audit quality. This method offers more substantial inferential results than bivariate analysis and is consistent with previous empirical research of the restatement risk (Khajavi and GhadirianArani, 2016).

Table 3

Logistic Regression Results: Effect of Earnings Quality on Financial Statement Restatements Dependent Variable: Financial Statement Restatements (FSR Dummy)

Variable	B	Std. Error	Wald	Sig.	Exp(B)
Earnings Quality (EQ)	−1.842	0.614	9.01	0.003	0.158
Firm Size (SIZE)	−0.327	0.149	4.82	0.028	0.721
Leverage (LEV)	1.216	0.531	5.24	0.022	3.374
Audit Quality (AUDQ)	−0.964	0.412	5.47	0.019	0.381
Constant	3.785	1.487	6.48	0.011	—

The outcomes of the regression in Table 3 can be empirically well supported by Hypothesis H2. The coefficient on earnings quality (EQ) is a negative value with significant value (B = [?]1.842, p < 0.01), which means that high earnings quality has a significant negative impact on the likelihood of a financial statement restatement. The odds ratio (Exp(B) = 0.158) indicates that the better the quality of earnings is, the lower the probability of a restatement will occur in a company, other factors being constant.

The implication of this finding is that companies that have low discretionary accruals and high reporting reliability are not prone to accumulation of misstatements resulting in restatements. The finding is in line with the rationale that earnings management undermines the informational aspect of earnings and amplifies reporting risk (Algharaballi, 2013), and with empirical evidence that earnings quality is directly proportional to the likelihood of restatements (Khajavi and GhadirianArani, 2016)

In terms of control variables, the firm size has a negative and significant impact, indicating that larger firms are less prone to restate financial statements, which could be because of the existence of better internal controls and monitoring systems. The relationship between leverage and restatement is significant as it is positive and shows that highly leveraged companies have more incentives to control earnings hence more exposure to restatement. The coefficient of audit quality is negative and statistically significant, which proves that high quality audits lower the chances of restatements through better misstatements detection and reporting discipline.

In general, the model has a satisfactory explanatory power, and this is shown by the Nagelkerke R2 and classification accuracy. These findings affirm that the quality of earnings has a harmful (negative) impact on the probability and the frequency of financial statement restatements despite adjustment of audit and firm characteristics.

As a result, the H2 is accepted, which, in its turn, supports the opinion that enhancing the earnings quality is the crucial tool that can be used to increase the reliability of financial reporting and minimize the risk of restatements. These results are in line with the previous literature that supports the argument that audit quality and governance structures curb earnings management and enhance reporting quality (Salehi et al., 2022; Jameel et al., 2024; Al Daoud et al., 2015)

7. Discussion

The research question in this research is the following: does earnings quality serve as an early warning of financial statement restatements in a less-researched emerging market environment, i.e., in the Iraq Stock Exchange (ISX)? On the basis of a balanced panel of 25 industrial companies over the time frame of 2019-2024, the empirical findings support the findings that the quality of earnings is positively correlated with the reduction of restatements and low probability of restatements. These results support the opinion that restatements are a manifestation of a previous defect in reporting quality and monitoring ex post.

H1 is supported by the bivariate evidence that has statistically significant negative correlation between earnings quality and both the measures of restatement (dummy and frequency). Theoretically, this result suggests that companies with lower discretionary accruals (better quality of earnings) will be less prone to providing corrections to the already published financial statements. This aligns with the argument that the quality of information and reliability of accounting numbers are weakened by managing the earnings, which makes it more likely that the misstatements will be discovered and will be rectified in the future (Algharaballi, 2013). It is also consistent with the findings that companies with lower receivables of earnings reporting tend to have higher restatement effects (Khajavi & Ghadirian Arani, 2016.(

The multivariate regressions confirm H2, which states the negative and significant impact of earnings quality on the probability of restatements by adjusting the firm and audit-related variables. The implication of this finding is that the quality of earnings is still an economically significant predictor of reporting failure after other factors of financial reporting discipline are controlled. The result is also in line with the literature highlighting that, the better the auditing procedures (e.g., the audit adjustments and audit quality), the sooner the misstatements are detected and corrected, requiring lesser subsequent restatements (Salehi et al., 2022). The evidence also supplements the research that audit qualities affect earners management behavior, which is a major pathway in which the quality of earnings declines, and the risk of restatement increases (Jameel et al., 2024.(

One of the main implications of the findings is that earnings quality in Iraq is not an accounting-outcome phenomenon only, but rather the one that is also determined by monitoring and governance arrangements. Earlier research indicates that internal governance influences the reporting discipline and timeliness - the two aspects that are strongly connected to reporting credibility and the chances that misstatements can go undetected over a long duration (Al Daoud et al., 2015). On the same note, the evidence shows that the audit committee and auditor characteristics may have a significant impact on the quality of financial reporting by limiting the discretion of managers and enhancing control (Mohammad and Ahmed, 2017; Al-Refiay, 2020). The environment of governance/audit in the Iraqi context, which institutional enforcement can be changing and monitoring systems can be disproportionate across firms, therefore the relevance of earnings quality-restatement relationship is plausibly high.

The results of the study are widely in line with the evidence available on the international level that restatements can be regarded as the effect of low reporting and inadequate oversight. The empirical results supporting the use of earnings quality as a predictor of restatements add to the literature by applying the findings to a new market with a unique set of institutional characteristics. Particularly, the fact that ISX industrial companies also support the generalizability of the previous findings that reveal that poor quality of earnings increases the probability of restatements (Khajavi and GhadirianArani, 2016) and the fact that earnings management compromises the credibility of reporting (Algharaballi, 2013). Furthermore, the study emphasizes the connection of the quality of the audit and audit procedures with the quality of earnings in explaining the risk of restatement by including audit-related controls in accordance with the existing research in the field of audit (Salehi et al., 2022; Jameel et al., 2024)

The findings mean to regulators and market authorities that earnings quality indicators can be applied as a control mechanism to draw attention to companies that have high risk of reporting failure. Subsequent restatements can be prevented by improved disclosure and enforcement of earnings management incentives.

To auditors and audit committees, the evidence highlights the need to enhance audit planning, professional skepticism, and misstatements detection procedures particularly when the firms exhibit accrual patterns that are congruent with low earnings quality. This is in line with the bigger picture that higher quality in the audit enhances the reliability of the reporting and could also decrease future corrections (Salehi et al., 2022)

To investors and analysts, the results indicate that earnings quality is an appropriate risk indicator to evaluate financial reporting credibility amongst ISX-listed companies. Information asymmetry is high in the markets and combining earnings quality indicators in valuation and risk measurement can enhance the decision-making process and minimize the risk of incurring losses due to restatement.

The study has a number of limitations despite the contributions it has made, which offers future research opportunities. To begin with, its sample is limited to 25 industrial firms and this could restrict the extrapolation of those results to other industries (such as banking and services) where reporting incentives and regulatory overview might vary. Second, identifications and measurement of restatements might be disclosure sensitive and enforcement sensitive, which would imply that more detailed restatement types (e.g., error vs. irregularity) would be included in future research with data that would permit this. Third, future studies may focus on the moderating mechanisms more directly, e.g., audit committee effectiveness, ownership concentration, or governance quality, to clarify the reason why earnings quality is a predictor of restatement outcomes in some but not all firms, as is linked to the governance and auditing literature (Al Daoud et al., 2015; Mohammad and Ahmed, 2017; Al-Refiay, 2020; Jameel et al., 2024)

Generally, the evidence increases the key suggestion that the quality of earnings is a decisive factor in explaining financial statements restatements in the Iraq Stock Exchange. The finding of the negative association and the negative multivariate relationship indicates that an increase in earnings quality can decrease the likelihood and frequency of restatements, which supports the argument that earnings quality is an informative measure of the quality of financial reporting and a viable instrument of enhancing market discipline in emerging economies.

8. Conclusion

This paper has investigated the earnings quality in explaining financial statements restatements in industrial firms listed on the Iraq Stock Exchange during the years 2019-2024. Based on a balanced sample size of 25 companies, the findings are consistent on the argument that the quality of earnings is a significant variable influencing reporting reliability within a new-market situation where there is dynamic governance and enforcement capability.

The two hypotheses are confirmed by the empirical findings. To begin with, there is a negative correlation between the quality of earnings and the financial statement restatements, which implies that those firms with better earnings quality represented in the low discretionary accruals were less likely to be affected by the events of financial statement restatements. Second, empirical evidence using multivariate regression also confirms that the quality of earnings has a statistically significant negative impact on the probability (and prevalence) of post-restatement after other firm and audit-related factors are taken into account. These findings taken together lend support to the view that financial statement restatements can be interpreted as an ex post manifestation of prior deficiencies in the quality of earnings and reporting discipline.

The research helps to add to the body of knowledge by generalizing the earnings qualityrestatement model to the case of the Iraq Stock Exchange, which is still a relatively unexplored place in the field of international accounting. The results indicate the quality of earnings as a viable early-warning sign, which can be used by regulators, auditors, and investors to draw attention to high reporting risk. The enhancement of audit procedures, governance and enforcement policies is expected to enhance financial reporting credibility and minimize the restatements in the emerging markets.

Despite its contributions, the study is limited by such factors as the sample associated with the sector and possible limitation of the quality of disclosure and the classification of a restatement. Future studies can extend the discussion to sectors, add-richer typologies of restatement, and discuss moderating influences of the governance features, ownership arrangements, and audit committee efficiency in an effort to better understand the phenomenon of the links between the quality of earnings and the incidence of restatements in transitional economies.

References

1. Abdi, S., &Soroushiyar, A. (2025). *The impact of anti-money laundering regulations on earnings management: Evidence from Iran*. **Journal of Financial Reporting and Accounting**.
2. Abed, I. A., Hussin, N., Haddad, H., Al-Ramahi, N. M., & Ali, M. A. (2022). *The moderating impact of the audit committee on creative accounting determination and financial reporting quality in Iraqi commercial banks*. **Risks, 10**(8), 150.
3. Al Daoud, K. A., Ku Ismail, K. N. I., & Lode, N. A. (2015). *The impact of internal corporate governance on the timeliness of financial reports of Jordanian firms: Evidence using audit and management report lags*. **Mediterranean Journal of Social Sciences, 6**(1), 430–442.
4. Alardah, A. J. (2023). *The effect of audit quality on the relationship between earnings quality and share price: Evidence from Palestine* (Master's thesis). **An-Najah National University**.
5. AlAwadi, S. T., & Shaker, A. S. (2024). *The influence of management voluntary disclosure on the quality of compulsory financial statements in Iraq*. In **Proceedings of the Global Conference on Entrepreneurship and the Economy** (pp. 215–229). Springer.
6. Algharaballi, E. (2013). *Earnings management practices and subsequent firm performance of companies listing on the Kuwait Stock Exchange (KSE)* (Doctoral dissertation). **University of Southern Queensland**.
7. Al-Halabi, S., Al-Barak, H., &Grassa, R. (2020). *The impact of adopting Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards on earnings management: Evidence from banks*. **Journal of Islamic Accounting and Business Research, 11**(9), 1801–1820.
8. Ali, K. S., Mohaisen, H. A., &Hameed, A. A. (2019). *Joint audit and the financial reporting quality: Empirical study on Iraqi voluntary joint audits*. **International Journal of Innovation, Creativity and Change, 9**(2), 259–276.
9. Ali, Z. N., &Flayyih, H. H. (2021). *The impact of International Financial Reporting Standards (IFRS) on the quality of earnings using Beneish model: Evidence from banks listed on the Iraqi Stock Exchange*. **Studies of Applied Economics, 39**(10).
10. Almaleki, M., Salehi, M., &Moradi, M. (2021). *The relationship between narcissism, managerial overconfidence and comparability of financial statements of listed companies*. **Journal of Facilities Management, 19**(5), 593–611.
11. Aloys, D. (2025). *The impact of corporate governance on earnings quality* (Doctoral dissertation). **University of Vaasa**.
12. Al-Refiay, H. A. N. (2020). *Audit committee chair characteristics and earnings management: Evidence from the UK* (Doctoral dissertation). **University of Hull**.
13. Alruwaili, T. F. (2026). *Impact of IFRS, ISA and ownership structure on earnings management: Evidence from Saudi Arabia* (Doctoral dissertation). **Victoria University**.
14. Al-Saedi, D. M. M., Fooladi, M., &Farhan, M. M. (2025). *The impact of earnings quality on the probability of bankruptcy in companies listed on the Iraq Stock Exchange: An instrumental variables approach*. **Business and Finance Open, 8**, 100145.

15. Al-Zarqi, I. H., &Bedoui, R. (2023). *Testing the impact of earnings quality on stock returns: An analytical study in a sample of Arab financial markets*. **International Journal of Economics and Finance Studies, 15**(1), 1–18.
16. Azad, A., Salehi, M., &LariDashtbayaz, M. (2023). *The importance of auditor-detected misstatements and earnings management*. **Management Research Review, 46**(8), 1032–1050.
17. Bazrafshan, A., Makarem, N., &Hesarzadeh, R. (2023). *Managerial ability, earnings quality and ISIS: Evidence from Iraq*. **Journal of Emerging Markets Finance, 22**(3), 345–368.
18. Bi, Y., Lei, Z., Petmezas, D., & Yang, C. (2024). *The bright side of regulatory fragmentation: Evidence from earnings management*. **EFMA Annual Meeting Working Paper**.
19. Daddau, H., Umar, M. S., Miko, N. U., &Mazadu, S. A. (2023). *Board attributes and earnings management of listed deposit money banks in Nigeria*. **JurnalAkuntansidanBisnis, 23**(2), 201–217.
20. Davidson, W. N., III, Jiraporn, P., & Kim, Y. S. (2004). *Earnings management following duality-creating successions: Ethnostatistics, impression management, and agency theory*. **Academy of Management Journal, 47**(2), 267–275.
21. Dijeh, C. T., Ofor, T. N., &Odubuasi, A. C. (2022). *Effect of audit attributes on the financial reporting quality of Nigerian insurance companies*. **Journal of Accounting and Financial Management, 8**(3), 55–70.
22. Dokas, I. (2023). *Earnings management and status of corporate governance under different levels of corruption—An empirical analysis in European countries*. **Journal of Risk and Financial Management, 16**(1), 42.
23. Ebaid, I. E. S. (2023). *Board characteristics and the likelihood of financial statements fraud: Empirical evidence from an emerging market*. **Future Business Journal, 9**(1), 25.
24. El-Sayed, N. H. Y., &Shemes, M. A. A. A. (2024). *Factors motivating financial stability: An analysis of the relationship between audit quality and earnings persistence (EGX 30 TR Index)*. **Accounting Business Journal**, 18(2), 55–78.
25. Ghabranious, M. G., & Ismail, T. H. (2024). *The impact of the audit committee on the effectiveness of financial reporting quality: Evidence from the Egyptian Stock Exchange*. **International Journal of Auditing and Accounting Studies, 6**(1), 33–49.
26. Hamdan, K. Q. K. (2025). *Beneish's model for detecting earnings management: An empirical investigation of the role of corporate governance, earnings quality, and foreign ownership* (Doctoral dissertation). **Arab American University**.
27. Hussein, N. A. (2018). *Earnings management, corporate governance and government equity ownership: Empirical evidence from Iraq* (Doctoral dissertation). **Universiti Utara Malaysia**.
28. Jaff, R., Al-Kake, F., &Hamawandy, N. (2021). *The impact of the sustainable development dimensions on the quality of financial reports*. **Accounting, 7**(6), 1345–1356.
29. Jameel, S. Z. M., Al-Sindi, A. M., &Hammoudi, K. (2024). *The impact of audit characteristics on earnings management: Evidence from banks*. **Journal of Risk and Financial Management, 17**(2), 64.
30. Kadhim, L. T., &Bougatef, K. (2024). *The impact of international accounting and auditing standards on financial reporting quality: Evidence from Iraq*. **Management Journal / Revista de Management Comparat International**.
31. Khajavi, S., &GhadirianArani, M. H. (2016). *Investigation of the impact of earnings quality on restatement of financial statements*. **Journal of Accounting Advances**, 8(2), 93–110.
32. Khalaf, A. J., & Hussein, S. S. (2024). *The effect of managerial overconfidence on the relationship between accounting prudence and financial reports opacity*. In **Opportunities and Risks in AI for Business** (pp. 215–229). Springer.
33. Li, Z., Liu, X., & Wang, B. (2024). *Military-experienced executives, corporate earnings quality, and firm value*. **Journal of Accounting Literature, 53**, 100781.
34. Mahmoodi, R., &Zalaghi, H. (2023). *Corporate governance stability and its impact on the quality of accounting information of companies listed on*

the Iraq Stock Exchange. **International Journal of Accounting and Financial Reporting, 13**(2), 45–62.

35. Maidad, S., Suleiman, T., &Ibiamke, A. (2024). *Audit committee characteristics and earnings management of listed deposit money banks in Nigeria*. **African Banking and Finance Review, 4**(1), 1–18.
36. Merhej, B. M. M. (2025). *The impact of the extended external auditor's report on the relevance of accounting information and the quality of external auditing: An applied study*. **AntiS Publisher Repository**.
37. Mohammad, A. J., & Ahmed, D. M. (2017). *The impact of audit committee and external auditor characteristics on financial reporting quality among Malaysian firms*. **Research Journal of Finance and Accounting, 8**(9), 1–15.
38. Mousa, A. (2022). *Effect of implementing IFRS 15 on earnings quality in Palestinian listed corporations* (Master’s thesis). **Al-Quds University**.
39. Obaid, H. J., Yasir, M. H., &Atiyah, S. M. (2024). *Enhancing financial stability: The contribution of earnings quality in Iraqi industrial companies to mitigate financial distress*. **Kurdish Studies**.
40. Ola, P. O., &Ijwo, O. A. (2023). *Audit committee characteristics and financial reporting quality of listed cement companies in Nigeria*. **Journal of Accounting and Finance**, 23(4), 89–105.
41. Rahman, A. U., Yacoub, A., &Ahsan, T. (2024). *Earnings management through revenue classification shifting: Evidence from firms*. **Journal of Accounting in Emerging Economies**.
42. Sabry, S. S., & Hussein, A. I. (2023). *The modified role of company characteristics in the relationship of accounting disclosure transparency with the restatement of financial statements: Evidence from Iraq*. **Journal of Namibian Studies**, 34, 1245–1264.
43. Sahm, H. S., Dastgir, M., &Mahmood, B. I. (2024). *The moderating role of governance structures on the impact of duration of CEO service on audit quality: Evidence from the Iraq Stock Exchange*. **Business, Marketing and Finance Open, 6**, 100118.
44. Salawu, M. W., &Salawu, M. A. (2024). *Directors’ loans, directors’ shareholdings and earnings management practices: Evidence from banks listed on the Nigerian Exchange Group*. **Global Journal of Accounting, 10**(1), 45–63.
45. Salehi, M., Jebur, M. I., &Orfizadeh, S. (2022). *The relationship between audit adjustments and audit quality in Iraq*. **Journal of Risk and Financial Management, 15**(9), 401.
46. Salehi, M., Zimon, G., Hashim, H. A., &Jędrzejczak, R. (2022). *Accounting quality and audit attributes on the stock price crashes in an emerging market*. **Risks, 10**(7), 132.
47. Saliu, F., &Taqi, M. (2022). *Earnings quality and firm performance: Exploring the moderating role of managerial ability*. **International Journal of Progressive Sciences and Technologies, 33**(2), 145–158.
48. Thu, P. A., &QuangHuy, P. (2024). *Does financial statement comparability reduce cost of equity? Evidence in an emerging market*. **Journal of Financial Reporting and Accounting, 22**(3), 527–552.
49. Wahhab, A. M. A., & Al-Shammari, M. T. A. A. (2021). *Audit committee characteristics, regulatory changes and financial reporting quality in Iraq: Some lessons from the SOX Act*. **International Journal of Economics and Finance Studies, 13**(2), 213–231.
50. Wahhab, A. M. A., &Khlaif, M. H. (2022). *The effect of ownership structure and audit quality in producing high-quality financial statements: Evidence from the Iraq Stock Exchange*. **Technium Social Sciences Journal, 32**, 529–545.
51. Zakerian, M., Nakhaei, H., &Salehi, M. (2021). *The relationship between corporate reputation and different types of earnings management*. **Iranian Journal of Finance, 5**(2), 1–20.