

The study and analysis of the relationship between Argumentative Accounting conservatism and the performance of institutions listed on the Iraq Stock Exchange in light of the Coronavirus pandemic

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Abstract:

This study aims to test whether the institutions listed on the Iraq Stock Exchange have a significant correlation between the level of conservative accounting practice with the level of market share returns during the Coronavirus pandemic period as one of the policies to confront the economic repercussions of the Coronavirus pandemic. Furthermore, the sample of study included institutions listed on the Iraq Stock Exchange during the 2019 and 2020 years, i.e., the period before the Coronavirus pandemic and during the Coronavirus pandemic for the purpose of comparison. whether the levels of accounting conservatism are positively correlated or not with the returns of the market shares of institutions in light of the collapse of the financial markets during the period of the Coronavirus pandemic, compared to the financial markets in the period before the Coronavirus pandemic, The market value to book value model was used, and the study found that conservative institutions had achieved the highest level of market share prices compared to non-conservative institutions, and the study also found that conservative institutions during the Coronavirus pandemic had achieved a higher correlation coefficient during the pandemic compared to the pre-pandemic period, The study relied on various statistical tools such as Pearson correlation coefficient and multiple regression analysis, Based on the SPSS statistical program where it reached Pearson correlation coefficient (0.932) during the 2020 year for conservative institutions, while the Pearson correlation coefficient between conservatism and the market value of shares reached (0.853) during 2019, and A study found that the effect of accounting conservatism on market share prices for the year 2019 amounted to (0.731), which is significant regression, and in 2020 it reached (0.852), which is a significant regression, that is, the effect increased by (0.121) during the pandemic period, and this is evidence of the market need for conservatism. Therefore, the study reached many conclusions, the most important of which is adoption of accounting conservatism, but in a reasonable manner without exaggeration to face challenges and crises, because the market trusts more conservative accounting policies compared to the impulsive policy.

Keywords: Conservative accounting, Coronavirus pandemic, information asymmetry, market value, accounting standards, Market requirements

Introduction:

The need for accounting conservatism increased coinciding with the emergence of the agency theory. The owners' dependence on management in managing the organization led to the emergence of what is known as agency problems, as management seeks to increase their benefits even if it is at the expense of the owners, which leads to a deliberate imbalance in the amount of information announced. As a result, financial reports will lack the quality of their information (Wibawa & Wardhani, 2018), (Zang et al., 2019), When the decision to abandon conservatism became widespread, it was criticized by practitioners, politicians, and academics, and the European Parliament actually threatened to cut off its funding if the IASB did not reintegrate conservatism into its conceptual framework (Delshadi et al., 2021). Under pressure, In March 2018, the IASB reinstated conservatism in its framework as an attribute of neutrality (Pelger, 2020), and several researchers provide evidence that users of financial reports demand conservatism to mitigate information asymmetry problems (Kim and Zhang, 2016). Bringing back accounting conservatism within the conceptual framework is evidence of the importance of accounting conservatism, and it is considered one of the controversial topics during the last decade.

1. **The problem** of the study is to find a way to reduce the impact of the Coronavirus pandemic on financial institutions and markets and prevent sudden financial collapses of institutions. The current study assumes that institutions whose reports contained potential losses in their income through a conservative accounting policy when preparing financial reports have a lower information asymmetry between management and shareholders during the Coronavirus pandemic, as shareholders are more concerned about the quality of the company's profits during periods of a severe market downturn. therefore, institutions that have governance and control mechanisms facilitate the possibility for managers to recognize expected losses in a timely manner, and thus the ability to manage crises better than other institutions during the Coronavirus pandemic, in other words, institutions that have a conservative accounting policy have better returns on shares during the pandemic period.
2. **The study aims** to test whether the correlation between the level of accounting conservatism and stock returns during the Coronavirus pandemic is associated with the degree of asymmetry of enterprise information and to test whether this policy is useful in reducing the impact of the pandemic.
3. **The importance** of this study is to clarify the levels of accounting conservatism in the financial reports of institutions listed on the Iraqi Stock Exchange, especially the banking sector, and their relationship with stock performance, in an attempt to motivate institutions to adopt conservatism in a rational manner when comparing alternatives and accounting policies used, and to take into account the environment surrounding the institution in order to Avoiding current and expected crises, that is, looking from a point of view with strategic dimensions for the benefit of the institution, in light of the uncertainty of the global economic reality and the suffering of economic crises. and we also test whether the correlation between the levels of accounting conservatism and the stock market returns during the Coronavirus pandemic varies according to the degree of information asymmetry. Nevertheless, previous studies have indicated that conservatism leads to an increase in the value of the institution by reducing information asymmetry, reducing the cost of capital, and improving investment efficiency through strengthening controlling and contracting, (Kim et al., 2013; Balakrishnan et al., 2016; Ha and Feng, 2018,143). The Coronavirus pandemic, due to complete and partial curfews around the world, has incurred huge economic costs globally, as there has been a significant decline in the stock market, (Dow Jones and FTSE) experienced the largest decline in the first quarter of the year since the decline of Black Monday in 1987 (BBC News, 2020), and International Monetary Fund predicted a growth rate of -4.9 in 2020.

Also, the global GDP decline rate for 2021 amounted to (6.5), which is one of the expectations presented before the Coronavirus pandemic (International Monetary Fund, 2020). However, it is important to comprehend the degree of uncertainty regarding the extent of the economic disasters for enterprises resulting from the epidemic, which led to a significant drop in the level of sales and a decrease in jobs to reduce operating costs and avoid bankruptcy (The Washington Post, 2020), which led to a sudden drop in stock prices, and thus led to high uncertainty about the potential profits of institutions, causing the emergence of a volatile market for current and prospective investors, and thus, investors are more risk-averse and rely more on basic information in light of market stagnation, and they consider the rest of the information for speculative purpose due to the increased level of risk and degree of uncertainty in the market (Lang and Maffett, 2011).

Accordingly, the quality of accounting information and reporting of accounting data is of greater importance to the market and investors in light of the Coronavirus pandemic, as many literatures dealing with the issue of the relationship between earnings and stock returns show that profits are an important explanatory factor for returns on property rights, such as the study of (Dechow, 1994; Sloan, 1996; Teoh et al., 1998; Degeorge et al., 2005,2).

The reason that led us to this goal and the starting point of our study is the financial crisis caused by the Covid-19 pandemic, which has accelerated the need for changes in the current business model and innovation, as the rethinking business strategies, technology platforms, and re-engineering internal processes in this new contactless environment cannot be the only remedy, as new business models, innovation and technology are only one part of the transformation equation, the other part for organizations in changing times is strong communication with stakeholders. Furthermore, auditing institutions and professional accounting bodies emphasize the use of some financial accounting standards in light of the epidemic, and they stress that the principle of continuity may need to be evaluated in this period, and this study discusses that the epidemic is a call to work to seriously consider conservative accounting, more than ever, however, conservative financial reporting is critical to successfully dealing with the devastating effects of crises.

This study contributes to Global accounting literature

in general and the Arab and Local literature in particular, as it is a study that examines the correlation between the characteristics of financial reports for institutions and stock prices during the Coronavirus pandemic in developing countries, and current studies that examine the impact of the Coronavirus pandemic on financial markets mainly indicate the role of Financial flexibility, such as cash, leverage and external financing, as a study (Acharya and Steffen, 2020; Ding et al., 2020; Ramelli and Wagner, 2020), and on corporate social responsibility as a study (Albuquerque et al., 2020; Ding et al., 2020), And about the characteristics of the industry as a study (Pagano et al., 2020), and the expectations of analysts as a study (Landier and Thesmar, 2020). Nevertheless, this study contributes to the stock market's response to the Coronavirus pandemic by examining the correlation between institutions that have a conservative accounting policy that has relatively fewer collapses in stock prices in light of the Coronavirus pandemic, it is one of the least conservative institutions, and this study expands to investigate the relationship between accounting conservatism and market shares due to the specificity of the Covid-19 crisis. Initially, it has nothing to do with the availability of external financing compared to the main feature of the global financial crisis of the banking system between 2007-2008 which was the loss of liquidity in the banking system, which reduced the access of institutions to external financing.

This research derives its importance because it provides a study on the impact of the Coronavirus pandemic on institutions and ways to confront it or reduce the impact of that pandemic on the financial markets, especially since Iraq Is considered as one of of the developing countries, as most studies are about developed countries such as China and the United States, therefore, the evidence that will be collected from Iraq can be generalized to similar countries, and it expands our

understanding of the economy and the consequences of the Coronavirus pandemic, as well as the management of financial crises, and what is the government's duties in issuing stimulus packages and relief efforts.

1. Literature reviews of study:

A study (Acharya & Steffen, 2020) on institutions withdrawing the daily credit line at the level of corporate loans in the United States showed a “rush towards liquidity” for institutions due to the Coronavirus pandemic in the first stage of the crisis, which characterized by extreme precautions and increased overall risk, however, all institutions pulled out bank credit lines and raised liquidity levels. In the second phase that followed the adoption of stabilization policies, only higher-rated institutions turned to the capital markets to collect liquidity, and the behavior of institutions was observed on the significant impact of risk Credit on the monetary property of enterprises. The study (Ding et al., 2020) aimed to assess the relationship between company characteristics and stock price reactions to COVID-19 cases, using data on more than 6000 companies in 56 economies during the first quarter of 2020. It found that the pandemic-induced decline in stock prices was more moderate among companies whose finances were stronger before 2020 (more cash, less debt, higher profits), which were slightly affected by the pandemic through global supply chains and customer locations, and companies with more social responsibility activities, companies with less well-established CEOs, consequently the share price of companies with more ownership of hedge funds did worse, and companies with large non-financial corporate ownership performed better.

The study (cui et al, 2021) of companies listed on the China Stock Exchange with conservative accounting practices that have stock returns from other companies during the Coronavirus pandemic. A study found that Chinese companies listed on the Shanghai and Shenzhen stock exchanges that apply more conservative reporting have fewer declines in ROP performance during a pandemic than other

companies. We also find that the beneficial role of conservatism is higher when companies have greater information asymmetry after the pandemic.

2. Theoretical analysis and building hypothesis:

1. The financial crises resulting from the Coronavirus pandemic and their impact on the level of accounting conservatism

Profits and related ratios that affect the decision makers of the related parties are the most important, as it leads to making the administration under pressure for the purpose of preparing financial reports accepted by all parties, whether internal or external and as a result the emergence of information asymmetry problems between the administration and related parties. (Aldoseri et al., 2022).

These problems are known in the accounting literature as agency problems (Utomo et al., 2018), accounting conservatism is a basic practice to control profits through accounting alternatives, as many studies have indicated (Nekounam et al., 2013), (Alves, 2019). (Cahyani & Khafid, 2020), (Sharma & Kaur, 2021) that the phenomenon of the high level of accounting conservatism in the financial statements, especially after the global financial crises.

It is one of the most important ethical issues in contemporary accounting thought, which formed the focus of academic research in the accounting literature, despite the presence of severe criticism of accounting conservatism as a result of its conflict with some qualitative characteristics of the quality of accounting information (such as neutrality, presentation and appropriateness), especially after the emergence of the concept of fair value (Cahyani & Khafid, 2020), as the issue raised doubts in the academic and professional circles about the quality of disclosure of accounting

income and the extent of the credibility of the financial reports for the honest expression of the results of the institution's business and its financial position. Thus, the issue of accounting conservatism after the collapse of major international institutions has become a fundamental issue in accounting thought, in addition to that, accounting conservatism is a biased financial measure for financial reports that may not reflect income with high quality, As the relationship between the board of directors and owners, organizational patterns and characteristics, and unclear (fuzzy) accounting conservatism (Haider et al., 2021).

Furthermore, it is necessary to distinguish between uncertainties with known possibilities of outcomes (risks), and between uncertainties associated with unknown probabilities of outcomes (ambiguity), as institutions prefer to be careful in the assessment (i.e., accounting conservatism). In other words, a conservative policy is followed when reporting information in the event that it is difficult to assess the associated risks and also when there is a lack of verifiable data. In general, the argument can be made that crisis situational factors influence institutional crisis information (Lee & Boynton, 2017), and it is possible that the situational factors of the Coronavirus pandemic (crisis) have explanatory power, as they influence the type and level of uncertainty at the time of reporting (Donatella). et al., 2021).

Based on the foregoing, the subject of accounting conservatism acquires great importance as a result of the contradictions in the results of academic literature, therefore, it is necessary to shed light on the levels of accounting conservatism to comprehend their impact in light of the Coronavirus pandemic period, as well as to identify the most important major administrative determinants in following the accounting conservatism in the Iraqi Stock Exchange during the pandemic period, and to contribute to measuring the level of conservatism before the pandemic and during the pandemic for institutions for the purpose of examination, as well as showing the impact of

the conservatism to face crises resulting from the Coronavirus pandemic.

2. Accounting conservatism

Accounting conservatism is defined as the asymmetric timing of recognizing gains versus losses because it requires immediate recognition of expected economic losses while the recognition of economic income is deferred until expected gains can be verified (Osma et al., 2021,2). Nevertheless, the accounting literature indicates that the concerns associated with contracting and control induce conservatism because it forces the administration to provide losses information that they avoid disclosing in a timely manner and thus reduce profit management (Basu, 1997; Beaver and Ryan, 2000; Ball and Shivakumar, 2005; Dhaliwal et al. al., 2014; Barker and McGeachin, 2015), and consequently, conservatism reduces the asymmetry of information between the administration, shareholders and other related parties, and thus they can predict more accurately the potential accounting profits (LaFond and Watts, 2008). The timely recognition of losses and the conservative accounting policy prepares the shareholders and the management with early warning signals about the profits of the projects, and this leads to the identification of the management and the cessation of the losing projects (Lara et al., 2016). Accordingly, accounting conservatism helps institutions to Identify risk management, and this is done by clarifying risks in a timely manner and strengthening external control by shareholders (Biddle et al., 2013; Kim and Zhang, 2016). (Kim and Zhang, 2016) discussed that accounting conservatism works on the flow of bad news to the market and thus prevents the bad news from being hidden or accumulating. Thus, it reduces the possibility of a sudden drop in stock prices in the future, and accordingly, it is possible for institutions that are conservative in preparing their financial reports to face less uncertainty when bad news arrives in the future (Kim and Pevzner, 2010).

It is necessary to study the impact of financial markets in light of the Coronavirus pandemic.

Numerous studies have shown the impact of the pandemic on financial markets, such as the Chinese market, as the first country in which the disease has spread in a large way, as well as the precautionary studies of market shares, as well as the response of the US markets (Albuquerque et al., 2020; Landier and Thesmar, 2020; Pagano et al. al., 2020; Ramelli and Wagner, 2020), several studies have indicated the relationship between accounting conservatism and the stock of the market institution, such as a study (Francis and Martin, 2010; Kim and Pevzner, 2010; Garcı́a Lara et al., 2011; Kim et al., 2013; Balakrishnan et al., 2016).

(Balakrishnan et al., 2016) during the global financial crisis of 2007-2008 found that more conservative institutions have less decline in stock prices by improving lending capacity, and also reduce investment problems by improving the institution's ability to obtain debt and facilitating the supply of external financing, as the main feature during the global crisis is the loss of liquidity in the banking system, which leads to the difficulty of institutions accessing external financing, and on the other hand, the global crisis of the Coronavirus pandemic has nothing to do with the availability of external financing, and the recession period started from July 2007 until the end of June 2008, which means that the recession occurred relatively slowly, and on the contrary, the Coronavirus pandemic occurred suddenly and quickly and represents a real external shock. However, it is necessary to test the relationship between the level of accounting conservatism in the financial reports and the stock market prices during a period of the severe downturn in the stock market. As a result, there is an impact of the financial markets from the conservative accounting policy, including its relationship to the value of the institution and the performance of market shares has also been studied by (Francis and Martin, 2010; Kim et al., 2013; Kim and Zhang, 2015; Li, 2015; Balakrishnan et al., 2016,1).

3. The dialectic of accounting conservatism between local and international standards and market requirements

Accounting has always been in its infancy a practical practice. The oldest and perhaps the most widespread accounting evaluation principle is conservatism. Accounting is a system without any coherent and unified theory of evaluation. This means that the basic principle is conservatism, and thus the conservative value on the most important data is more desirable (Sterling, 1967), Accounting conservatism is a critical feature of the quality of accounting information, which has been confirmed by many previous studies that affect information asymmetry among stakeholders (Chen et al., 2017), As well as its association with the agency's problems, which greatly affects the efficiency of the institution's financing and its investment activities (Laux & Ray, 2020), Accounting conservatism "facilitates the flow of information about the organization from the insiders of the organization to the outside to the relevant parties and leads to a high-quality information environment" (Hu et al, 2014, 32), and it is believed that accounting conservatism has been developed as one of the components of effective contracting technology that helps Minimizing losses from agency problems and, accordingly, reticence is seen as requiring higher verification standards to recognize good news from bad news (Pasko et al., 2021), (Bloom, 2018) believes that conservatism in accounting is a topic that will continue in accounting and regulatory practice and will remain so in the near future, and the widespread adoption of International Financial Reporting Standards (IFRS) began all over the world after the European Union's decision to oblige all institutions listed on its financial markets Using International Financial Reporting Standards since 2005, which led to significant changes in the accounting landscape around the world, and since that period, generally accepted accounting principles have been shaped by local institutions, regulations, and cultures that have shaped in many respects national economies

and have been replaced by a single set of Accounting standards based on principles based on international financial reporting standards, the application of international financial reporting standards has brought about changes in many aspects, but we will focus on one aspect, which is accounting conservatism, which is a very important concept as it is the backbone of accounting and as it has been known since 1494 when Luca Pacioli's double-entry accounting system was thought to have opened a new era For accounting, has the adoption of international standards for financial reporting will reduce or raise the level of accounting conservatism, so far we have contradictory results with this question with studies based on which samples taken from developed countries testify to a low level of accounting conservatism after relying on international standards for reporting Finance (Elshandidy & Hassanein, 2014) and (André et al., 2015), While other research from developing countries indicated opposite results (Marzuki & Abdul Wahab, 2018:Hajawiyah et al., 2020) the concept of conservatism in accounting organization is evident through the concept of prudence that appeared (1989) and disappeared in (2010) and returned to Appearing again in (2018) in the recent revision of the conceptual framework of the International Accounting Standards Board, (Watts, 2003,) warned that success in eliminating conservatism will change managerial behavior and impose significant costs on investors and the economy in general, and practitioners fear that removing Hedging may lead to a decrease in accounting conservatism and an increase in earnings management practices or exaggerated results (Conway, 2020), in addition to that, the level of conservatism is not determined by standards alone, but rather by other reasons called professional judgment, and in fact one of the factors that causes increased interest With accounting reservation, it is that not all areas of accounting are covered by accounting standards by themselves, while some areas require professional judgment by managers, and

managers, in turn, can use this estimate in a way that may lead to a side of the results range from impulsiveness to impulsiveness, and therefore these decisions are characterized as conservative or unreserved decisions (Nasr & Ntim, 2018).

Accordingly, this study empirically examines whether conservative accounting practices have a positive impact on the market value shares during the Coronavirus pandemic, which led to the following hypothesis:

H1: There is a positive correlation between the conservative accounting policy and the market value of shares during the Coronavirus pandemic.

3. Results discussion:

1. Measuring the level of accounting conservatism for the research sample institutions

The research sample included the institutions listed in the regular market of the Iraqi Stock Exchange, which numbered 38 institutions out of 58, as it excluded institutions whose data is not available for the research period, and included the research period for 2019 and 2020, i.e., the period of the Coronavirus pandemic and the pre-pandemic period. The (MTB) model is used by (Beaver and Rayn, 2000) (Al-Dhunaibat, 2020). (Beaver and Rayn, 2000) contributed to improving the model to measure the accounting conservatism with high quality. This model is based on testing the relationship between the book value and the market value of net assets. As unconditional accounting conservatism refers to reducing the book value of net assets based on predetermined accounting objectives assuming the stability of the other, and with regard to conditional conservatism, is based on reducing the book value of net assets in conjunction with unfavorable conditions, and in the case of appropriate circumstances, the book value is not returned based on those altitude conditions (Beaver & Ryan, 2005).

The (MTB) measure depends on conservatism from the point of view of the statement of financial position based on the



relationship between the market value and the book value of net assets, and in case the gap was high, the market value was high and the book value was low, this indicates that the institution practices a conservative accounting policy. In other words, if the ratio of the book value to the market value is less than one, then

this means that there is no accounting conservatism. However, this measure is also used to compare institutions as well (Al-Sunaidi, 2021), and the following is a table (1) to measure the accounting conservatism for the years 2019 and 2020, where the conservatism is $MTB = MV/BV > 1$

Table (1) Measurement of accounting conservatism under the MTB model for the years 2019, 2020

n	company	Sector type	conservative 2019	conservative 2020
1	The Middle East	banks	0.097	0.116
2	Al-Ahly of Iraq	banks	0.594	0.748
3	Iraqi commercial	banks	0.422	0.357
4	Iraqi Islamic	banks	0.367	0.328
5	United Investment	banks	0.069	0.079
6	Islamic National	banks	0.899	0.730
7	Ashur International	banks	0.225	0.256
8	Iraqi investment	banks	0.259	0.224
9	Commercial gulf	banks	0.137	0.137
10	Al-Mansour Investment	banks	0.598	0.497
11	Mosul	banks	0.151	0.122
12	Elaf	banks	0.174	0.283
13	Baghdad	banks	0.274	0.368
14	Sumer Commercial	banks	0.473	0.485
15	across Iraq for investment	banks	0.000	0.689
16	Kurdistan	banks	0.708	0.659
17	Jihan	banks	2.205	0.909
18	A tourist city in the Mosul	Hotels and Tourism	-0.830	-0.760
19	Ishtar Hotel	Hotels and Tourism	2.767	3.500
20	Karbala hotels	Hotels and Tourism	0.780	0.713
21	Babylon Hotel	Hotels and Tourism	12.987	17.220
22	Baghdad for soft drinks	Industrial	1.593	1.723
23	Baghdad for packing materials industry	Industrial	2.044	2.052
24	Ready-to-wear production	Industrial	8.898	8.103
25	modern sewing	Industrial	2.914	2.608
26	Al-Mansour Pharmaceutical Industries	Industrial	1.115	1.608
27	Canadian for the production of veterinary vaccines	Industrial	1.415	1.144
28	Iraqi carpets and furnishings	Industrial	1.760	1.843
29	Iraqi agricultural products	agricultural	1.714	0.172
30	Iraqi for meat production	agricultural	2.956	0.000



	and marketing			
31	Elite General Contracting	Services	0.343	0.328
32	Karkh Tourist Games City	Services	4.133	3.887
33	Al Maamoura Real Estate Investments	Services	1.716	2.990
34	Baghdad, Iraq for public transport	Services	4.638	4.504
35	Mosul for game cities	Services	6.458	6.358
36	Asiacell Telecom	Telecom	1.927	1.753
37	Gulf Insurance	insurance	0.576	0.609
38	Al Amin Insurance	insurance	0.480	0.515

The table was prepared by the researcher

2. Results analysis:

When measuring the level of accounting conservatism through Table (1), we note that the number of institutions that practiced accounting conservatism during 2019 (17) and

(14) for the year 2020, while the non-conservative reached 21 for 2019 and 24 for 2020, distributed by sectors and as it is found in Table (2) for the year 2019 and Table (3) for the year 2020

Table (2) Distribution of conservative and non-conservative institutions by sectors during 2019

year	company	Correlation coefficient betw conv and m.v for year	average of market value	number of companies
2019	conservative	0.853	11.167	17
	not conservative	-0.501	0.647	21
2020	conservative	0.932	12.264	14
	not conservative	-0.352	0.749	24

The source is prepared by the researcher

Through the above table, we note the distribution of conservative institutions on the number of non-conservative institutions for the year 2019 by type of sector, and we show from highest to lowest conservative institutions (7 for the industrial sector, 4 for the service sector, 2

for hotels, 2 for agricultural, and 1 for banks and communications), while the non-conservative institutions were distributed as follows (16 for banks, 2 for insurance and hotels, and 1 for services).

Table (3) Distribution of conservative and non-conservative institutions by sectors during the year 2020

company	banks	insurance	agricultural	Industrial	Hotels and Tourism	Telecom	Services	total
conservative	1	0	2	7	2	1	4	17
not conservative	16	2	0	0	2	0	1	21
total	17	2	2	7	4	1	5	38

The source is prepared by the researcher



Through the above table, we note the distribution of conservative institutions about the number of non-conservative institutions for the year 2020 by sector type, and we explain from highest to lowest conservative institutions (7 for the industrial sector, 4 for the services sector, 2 for hotels, and 1 for telecommunications), while the non-conservative institutions were distributed as

year for non-conservative institutions reached (-0.501), and the correlation was also confirmed during 2020 by the Pearson correlation coefficient for conservative institutions (0.932), while the Pearson correlation coefficient for non-conservative institutions was (-0.352).

That is, conservative institutions have achieved the strongest correlation between conservatism and the market value of shares compared to non-conservative institutions, while the arithmetic means of the market value of shares

follows (17) For banks, 2 each for insurance, agricultural, and hotels, and 1 for services).

When analyzing the correlation between accounting conservatism and market share prices, we note through table (4) below that the Pearson correlation coefficient between the market value of shares and the accounting conservatism of conservative institutions for the year 2019 amounted to (0.853), while the Pearson correlation coefficient for the same for conservative institutions for 2019 was (11.167), while the arithmetic means for non-conservative institutions were (0.647), and the arithmetic mean of the market value of shares was (12,264) for conservative institutions in 2020, while it reached (0.749) for non-conservative institutions, in other words, conservative institutions have achieved the highest level of market share prices compared to non-conservative institutions during the pandemic period and before.

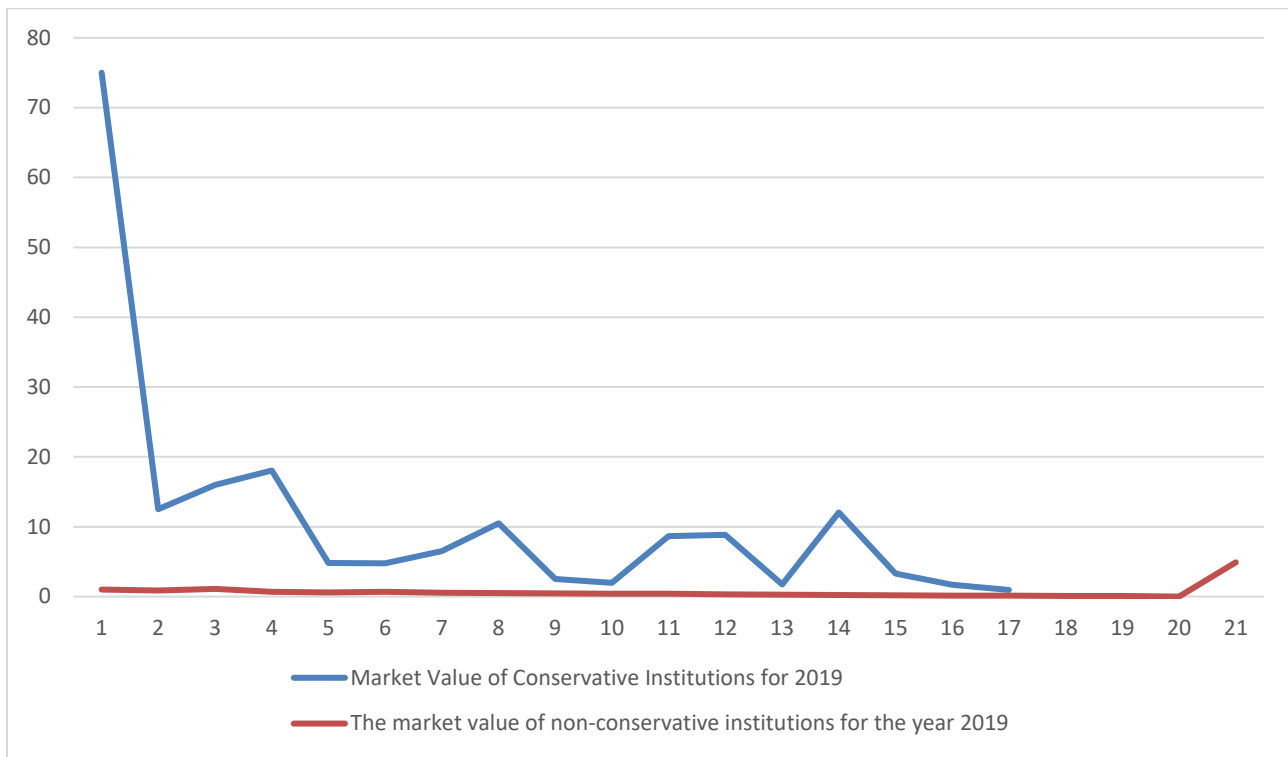
Table (4) The correlation between the accounting conservatism and the market value of the shares and the arithmetic mean of the market value of the shares

company	banks	insurance	agricultural	Industrial	Hotels and Tourism	Telecom	Services	total
conservative	0	0	0	7	2	1	4	14
not conservative	17	2	2	0	2	0	1	24
total	17	2	2	7	4	1	5	38

The source is prepared by the researcher

The following are scheme (1) and scheme (2) showing the market value of shares for conservative institutions compared to non-

conservative institutions for both the years 2019 and 2020.



Scheme (1) Stock Market Value of Conservative and Non-Conservative Institutions for 2019
 The scheme prepared by the researcher

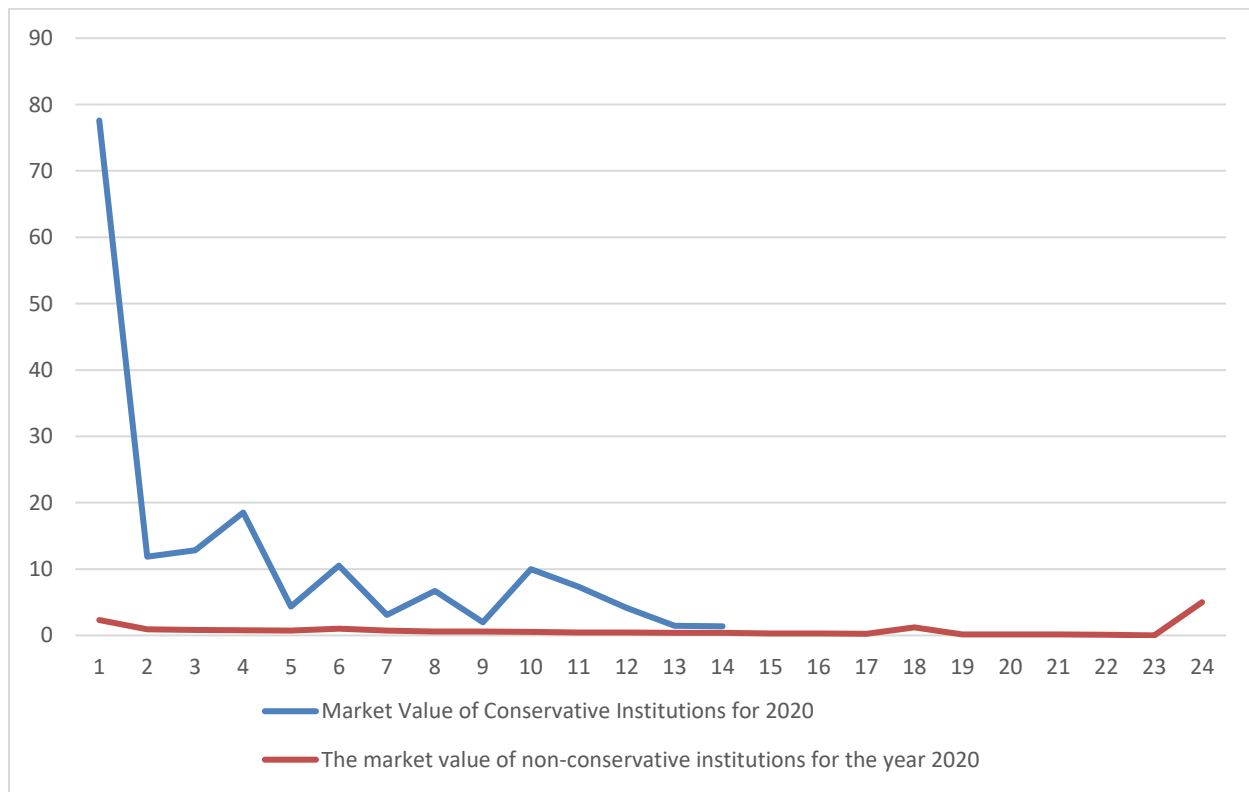


Chart (2) Stock Market Value of Conservative and Non-Conservative Institutions for the Year 2020
 The scheme prepared by the researcher



We note from schemes (1) and (2) that the conservative institutions during the Coronavirus pandemic period and before it has achieved the highest level in the market value of shares than the non-conservative institutions.

3. Multiple regression analysis:
1. Multiple regression analysis between accounting conservatism and the market value of shares of 2019 (before the pandemic period)

Model Summary

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738	.731	6.509309

a. Predictors: (Constant), accounting conservatism 2019

The previous table shows the Pearson correlation coefficient between the dependent variable and the independent variables, where its average value was (0.859) with the value of the coefficient of determination (0.738) and

the value of the modified coefficient of determination (0.731), i.e., the independent variables explain 73% of the variance in the market value of shares.

Table (5) ANOVA analysis between accounting conservatism and the market value of shares of 2019

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	4302.664	1	4302.664	101.547	.000 ^b
Residual	1525.360	36	42.371		
Total	5828.024	37			

a. Dependent Variable: M. V .SH2019

b. Predictors: (Constant), accounting conservatism 2019

The previous table shows the results of the ANOVA analysis to test the significance of the regression, and we note that the sig value is (0.000) which is less than (0.01), and therefore we reject the null hypothesis and accept the alternative hypothesis, which is that the regression is significant and there is an effect of independent variables on the dependent variable and we can predict the dependent variable through these independent variables

2. Multiple regression analysis between accounting conservatism and the market value of shares of 2020 (during the pandemic period)

Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.856	4.950222

a. Predictors: (Constant), accounting conservatism 2020

The previous table shows the Pearson correlation coefficient between the dependent variable and the independent variables, where its average value was (0.925) with the value of the coefficient of determination (0.856) and the value of the modified coefficient of determination (0.852), i.e., the independent variables explain 85% of the variance in the market value of shares.

Table (5) ANOVA analysis between accounting conservatism and the market value of shares of 2020

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5240.857	1	5240.857	213.872	.000 ^b
Residual	882.169	36	24.505		
Total	6123.026	37			

a. Dependent Variable: M.V.SH 2020

b. Predictors: (Constant), accounting conservatism 2020

The previous table shows the results of the ANOVA analysis to test the significance of the regression, and we note that the sig value is (0.000) which is less than (0.01), and therefore we reject the null hypothesis and accept the alternative hypothesis, which is that the regression is significant and there is an effect of independent variables on the dependent variable and we can predict the dependent variable through these independent variables.

Conclusions and recommendations

1. The study found that conservative institutions have achieved the highest level of market values of shares compared to non-conservative institutions, where the arithmetic average reached (11.167), (12,264) for conservative institutions for the years 2019 and 2020, respectively, compared to non-conservative institutions (0.647), (0.749) for the same years.
2. Furthermore, the Pearson correlation coefficient for 2019 and 2020 was (0.853) and (0.932) for conservative institutions, while the Pearson correlation coefficient for non-conservative institutions was (-0.501) and (-0.352), respectively.
3. The regression analysis basically indicates, that is, the effect increased by (0.121) during the pandemic period, and this indicates the market response and its need for conservative accounting policy during the period of crises and disasters.

4. we recommend that institutions must adopt a conservative accounting policy to face crises and disasters, but in a reasonable manner, and to stay away from impulsive policies.

Data Availability:

The data used to support the results of this study has been included in the article.

Conflict of Interest:

The authors declare that they have no conflicts of interest.

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