***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. **Keywords:** Conservative accounting, Coronavirus pandemic, information asymmetry, market value, accounting standards, Market requirements | **Article information:**Received: D–M– 20XXRevised: D–M– 20XXAccepted: D–M– 20XXPublished: D–M– 20XX |
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**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.

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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.

1. **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).

**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**

**Note 1:** All Figures, Tables… etc. must be written within the paper paragraphs.

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.

**Note 2:** All Figure captions must be written after the figure. However, table caption must be written before the table.

**Scheme (1) Stock Market Value of Conservative and Non-Conservative Institutions for 2019**

**The scheme prepared by the researcher**

**Conclusions:**

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.

**Recommendations**

1. 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.

**Funding Sources:**

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**Acknowledgments:**

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**References:**

1. Acharya, V. V., & Steffen, S. (2020). The risk of being a fallen angel and the corporate dash for cash in the midst of COVID. The Review of Corporate Finance Studies, 9(3), 430-471.‏
2. Albuquerque, R., Koskinen, Y., Yang, S., & Zhang, C. (2020). Resiliency of environmental and social stocks: An analysis of the exogenous COVID-19 market crash. The Review of Corporate Finance Studies, 9(3), 593-621.‏