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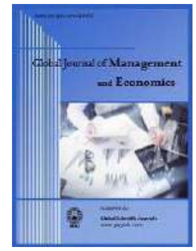

The Role of Corporate Governance and Participation in Decision Making in Mitigation of Corporate Fraud: Listed Corporations in the Iraq Stock Exchange

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ABSTRACT

The purpose of this study is to investigate the perceived role of corporate and Participation in decision making in mitigation of corporate fraud in Listed Corporations in the Iraq Stock Exchange. The aims of this study were to identify: 1. The relationship between corporate governance and corporate fraud.2. The relationship between participation in decision-making and corporate fraud. Whereas the corporate governance is a buzz word in businesses globally but Good Corporate Governance is still a distant dream in spite of efforts made by government legislations, regulatory bodies enforce the rule book, professional bodies framing ethics module for their professionals but not in spirit resulting into heinous corporate frauds with enormous loss to various stakeholders. This study examines various facets of corporate governance noticed so far and practiced. It also identifies the probable gaps due to which good corporate governance could not be ensured even in best managed firms. The researcher is of the view that one major reason for this catastrophe has been the ineffective, mischievous and unethical role of professionals in ensuring good corporate governance. The decision-making process also helps reduce corporate fraud by making the right decisions in a timely manner. Where these decisions will be based on real information that cannot be faulted, and that these decisions will restrict employees and anyone from fraudulent. That where the decisions taken will limit all persons through all administrative and operational stages to comply with orders and decisions taken by senior management. In order to achieve the objectives of the study, the researcher reviewed published literature and previous studies to develop the theoretical framework of the study. In addition, the study tool (questionnaire) developed for the purpose of distributing it to the study sample which represented all managers financial and accounting in companies listed in the Iraq stock exchange. The researcher also worked on processing the data statistically through the program (Spss) to reach the results of the final study and deal with them scientifically to come out with scientific recommendations useful for scientific research. The study ended with several results, the most important of which is that corporate fraud is one of the most manifestations of administrative corruption that lead to bankruptcy of companies, and adversely affect the general national economy of countries in many companies and markets of the world, especially companies listed in the Iraq Stock Exchange, which studies confirmed that Iraq is of the most countries where corporate fraud is widespread. The results of the study also showed that both corporate governance applications and participation in decision-making all reduce the levels of corporate fraud individually, which has led to varying levels of corporate fraud. Although these three elements combined work to effectively reduce corporate fraud, often eliminating this phenomenon. The results of the study showed that there is an impact of corporate governance to reduce the fraud of companies listed on the Iraq Stock Exchange at the statistical significance level (0.000), as corporate governance imposes control over all corporate activities, financial and moral internal and external flows of companies within the framework of effective control systems. Corporate governance uses rules, regulations and laws that criminalize and punish fraudsters with the harshest penalties, making it harder for employees to commit fraud. Also, the results of the study showed that there is an impact to participate in decision-making to reduce corporate fraud within the framework of companies listed on the Iraq Stock Exchange at the statistical significance level (0.000), and the reason for this is that the participation of administrative staff in the finance and marketing departments in particular, will make employees more feel that they are part of the companies they work for, and that the success of these companies is the success of their employees who have a very high affiliation to their companies as a result of their participation in the decision-making process.

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1. Introduction

Undoubtedly, corporate fraud is a catastrophic phenomenon that has swept the entire world at the level of industrial and commercial companies as well as public corporations. Corporate fraud has taken many forms depending on the nature of the companies' business, so it was difficult to develop the necessary measures to reduce fraud totally. Many companies have begun to make decisions, security and precautionary measures to counter or reduce such fraud, but they have failed (McDonnell, 2015).

Corporate fraud is also a crime for which the law and the society are held accountable for causing significant damage and losses to companies in a deliberate manner, which could lead to bankruptcy and corporate collapse (Arlington, 2016).

Fraud has emerged because of the apparent negligence of senior corporate management, which is negligent, unmanageable, and follows-up works and operations at the middle and lower levels. This neglect gives managers and corporate employees an opportunity to fraud in ways and means that are difficult to detect (Khanna, 2013). Accordingly, the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) (2009) makes it clear in the International Standard on Auditing (ISA 240) that the primary responsibility rests with those charged with governance of the entity and with management (In'airat, 2015).

Fraud can also be classified as internal fraud and external fraud (Alexander Dyck, 2010). Internal fraud is that caused by the administrators and employees of companies such as embezzlement, or forgery and so on, to achieve their goals and personal ambitions. Whereas external fraud comes from companies and destinations outside the target company as insurance companies or competitors that use unethical methods (Mieke Jans, 2009).

In this regard, the researcher can know the corporate fraud procedures as methods and ways followed by personal interests from within or outside companies to deceive and seize their financial and in-kind assets and to overthrow them with or without intent and reach bankruptcy in order to meet their needs and their personal requirements in illegal ways.

The discovery, reduction of corporate fraud is difficult and requires the collection of necessary information, in particular the internal information of companies. Studies have confirmed that the process of obtaining public information to eliminate fraud does not nearly fulfill the desired purpose. Studies have also suggested that obtaining internal information is highly costly and can lead to significant financial loss. However, obtaining internal corporate information increases the likelihood of fraud detection by 15% (Alexander Dyck, 2010).

However, the process of reducing corporate fraud is difficult if there are no essential elements that are integrated with each other to be an interactive framework that will detect process and eliminate fraud. This framework consists of two elements: corporate governance and participation in decision-making.

Corporate governance has emerged as one of the leading solutions in reducing corporate fraud worldwide. Corporate governance has focused largely on internal control of companies. In addition, it has taken control of various departments of management at all levels, in particular the Financial Audit Department, as well as the many functions of corporate governance Companies. This includes continues guidance and the imposition of procedural laws against fraudsters, the segmentation of business and control of the operations of companies (OECD, 2014). It is worth mentioning that Staciokas and Rupsys (2005) identified the elements of corporate governance to include the audit committee, external auditor, internal audit and the Board of Directors.

These elements should interact with each other, as well as with the various departments within the company. These elements and departments are all part of a cooperative framework whose aim is to achieve the company's best interests by detecting fraud and how to reduce it and eliminate it (Magnanelli, 2010).

However, it will not end at corporate governance to reduce fraud; trust should be found in all participants of the governance process.

In order to complete all elements that would reduce corporate fraud effectively and capably, the presence of the second element, which is participation in decision-making is important. The process of participation in decision-making is of great benefit on companies. It provides information and public participation among all levels of management, resulting in control of all levels of management and better decision making in a business environment that is fully transparent and supports corporate governance in performance. Thereby it facilitates the detection of fraud in such companies and identifies ways to reduce and eliminate it (Sulaimonb, 2011).

2. Literature Review

Corporate Governance

Several authors defined set of processes and rules to achieve interests of stakeholders. Corporate governance has been defined by Kiara (2017) as "the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value while taking into account the interest of other stakeholders " (Kiara, 2017). Corporate governance is defined also by (Iain Wright, 2017) as "the support effective decision making by companies for their own long-term success. It provides a framework of law, rules and practices by which company boards balance the interests of shareholders with other stakeholders, including employees , customers, suppliers, creditors, pensioners and the local community" (Iain Wright, 2017).

Corporate governance is also defined as: "a concept that covers a system of relationships among the executive bodies of a joint-stock company, its board of directors, its shareholders and other stakeholders, a corporate governance is a tool used to determine the objectives of the company and means to achieve the same, as well as to enable it shareholders and other stakeholders to efficiently monitor the company's activities" (Ebrd, 2014).

Finally, Ndegwa and Paul Muthaura (2015) defined that corporate governance is: the process and structure used to direct and manage the business and affairs of a company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking account of the interests of other stakeholders " (James Ndegwa and Paul Muthaura, 2015).

As for the level of Iraq, the State of Iraq is one of the most corrupt countries in the public sectors in general, and the financial sectors such as the Iraqi market for exchanges, in particular. Alsmmarraie (2017) pointed out that Iraq is one of the top five countries on the global level characterized by the spread of corruption at higher levels. By the institutions of different activities, in accordance with Transparency International's indicators, which indicated that, Iraq is the fifth country in the world on the ladder of corrupt countries in its government and financial sectors. It is worth mentioning that the Iraqi government has launched several projects and strategies to reduce the manifestations of corruption Fraud such as Iraq's national anti-corruption strategy in 2010. however, the indicators of control in Iraq confirmed that the proportion of bribery rose after this strategy until it reached 29.3% in Iraqi companies by 2013, and remains Iraq's economic problem revolves around the application of effective governance Companies (Alsammarraie, 2017).

Participation in Decision-making

There are many definitions about the process of participation and participation of staff in the decision-making process, and there are many scientists and researchers agreed on some definitions and there are different in the definition of these terms, but the most common definitions are as follows:

Participation is defined as the active involvement of subordinates of followers in the making of decisions that directly affect them in the work place, Participation in decision-making can also be defined as: "Participation in decision making is generally regarded as a sign of enlightened and democratic management" (Prisca, 2011).

Participation in decision-making (PDM) is defined as: "a process of integration between employees and administration in sharing information processing, decision making and problem solving in an organization" (Maslina Mohammed Shaed, 2015).

Moreover, Participation in decision-making is defined "as sharing the decision making process in order to achieve organizational objectives" (Kumar, 2017).

The employee participation process in the decision-making process is defined as Employee Participation; it is generally defined as a process in which influence is shared between individuals who are socially unequal. Participatory management practice balances the involvement of managers and their subordinates in information processing, decision making and problem solving endeavors "(Muindi, 2011).

Corporate Fraud

William Brock, and Marc-André Boutin (2012) pointed that Fraud is infinite in variety. Sometimes it is audacious and unblushing; sometimes it pays a sort of homage to virtue, and then it is modest and retiring; it would be honesty itself if it could only afford "But fraud is fraud all the same and it is the fraud, not the manner of it, which call for the interposition of the Court" (William Brock, 2012).

In this regard, Ponduri (2014) defined fraud as "generally defined in the law as an intentional misrepresentation of material existing fact made by one person to another with knowledge of its falsity and for the purpose of inducing the other person to act and upon which the other person relations with resulting injury or damage " (Ponduri.S.B, 2014).

While Council (2017) defined corporate fraud as "the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community" (Council, 2017).

3. The Iraqi Market for Securities and Stages of Development

It is worth mentioning that Iraq was a newcomer to financial markets, in 1992, Iraq established its financial market and was known as the Baghdad Stock Exchange, which was established by law no. (24) For 1991, and this market was a government market and included (113) Iraqi companies in 1994, this market expanded and its trading rates exceeded $ 17.5 million (Hussein, 2013).

The market was closed during the American invasion of Iraq on 19/3/2003 and by a decision of its board to keep Iraq without a stock market, represented by both global and Arab economies for a short period of time (Idan, 2017).

In 2003, and in particular on 19/3/2003 issued a temporary law No. (74) announcing the establishment of a new stock market known as the Iraqi market for securities instead of the Baghdad Stock Exchange, which was dissolved a year before the establishment of this new market, where This market officially opened on 24/6/2004, where it started from several companies that reached only fifteen companies, and it started to increase year after year until it reached (83) companies in the 2013 (Abdul Hakim and Dalloul, 2016).

What is interesting is that the Iraqi Stock Exchange, which was established in 2004, was founded on the principle of attracting companies and stakeholders in a way that people like, that this market depends on the system of written public auction, through the issuance of regulations for each company, where the list includes two rows, the first one includes information for the trading of the buyer broker, and the second list is devoted to the trading of the seller broker. This system was characterized by raising the pace of supply and demand on a large scale, and providing all the information that interested stakeholders about companies and stock prices and various financial transactions, and the financial situation of all companies, and information on the economic situation of Iraq as a whole, with a list of future prospects for the state of companies and the general economy of the state. Which led many parties, whether companies or different stakeholders to seek forward to engage in the Iraqi market for securities (Idan, 2017).

Table (1): The number of companies listed and traded in the Iraq Stock Exchange (2017)

years	number of companies listed	Number of companies traded
2014	74	71
2015	76	71
2016	70	64
2017	101	88

It is clear from the table above, that the number of companies rose in 2015 to 76 companies, which is higher than the number in 2014 of 74 companies, but that 2016 achieved the lowest level of the number of companies listed on the Iraqi market for securities, and it seems the reason for this the security and military situation in the region, but 2017 showed the return of companies more than previous years, where the number of companies listed (101) companies, and the number of companies traded (88), after the process of calming the living conditions and security in the Republic of Iraq, and support and encourage companies to engage in the Iraqi market for securities again. (Hisham, 2019).

4. **Methodology**

The society of the study consists of all the companies listed in the Iraqi Stock exchanges in various activities and fields, and the number of 101 companies according to the annual report of the Iraqi market for stock exchanges for the year 2017 (Market 2017).

More specifically, the study community will include all financial and auditing managers of companies listed on the Iraq Stock Exchange. Participants must be adults who are able to speak / read Arabic or English and express their views clearly and transparently.

To determine the sample of the study, I will use the method of Stephen Thampson to obtain the number of sample members to be studied accurately, as the method of Stephen Thampson. It is best suited to my current study, as this method is used when the study community consists of 100 elements to a few hundred elements. This method is when the hypothesis of the study contains an error amount of (0.05) which means (α ≤ 0.05) and a certainty of (0.95) and more, similarly in the current study. Therefore, Stephen Thampson equation to determine the sample of the required study is as follows:

$$\boxed{n = \frac{N \times p(1-p)}{\left[\left[N - 1 \times \left(d^2 \div z^2\right)\right] + p(1-p)\right]}}$$

Whereas

N: Society size

Z: the standard score corresponding to the significance level (0.95) and equal (1.96)

Q: The error ratio is equal to (0.05)

P: The ratio of the availability of the property and the neutral and equal (0.50) (Al-Tai, 2012).

The study sample consisted of the financial managers and audit managers in companies on the Listed Corporations in the Iraq Stock Exchange. These managers are the category closest to the financial decisions, central issues, and the phenomenon of fraud companies in various forms, which Listed Corporations in the Iraq Stock Exchange suffer from. And the results of the study will be circulated to all companies in the State of Iraq in various activities. Where the total number of the managers 202.

The sample of the study will be calculated as follows:

n = 202 * 0.50 (1 – 0.50) / [202 – 1 * {(0.05)2 / (1.96)2] + 0.50 (1 – 0.50)]

= 202 * 0.50 * 0.50 / [201 * (0.0025 / 3.841)] + 0.50 * 0.50]

= 202 *0.25 / [201 * 0.00065] + 0.25]

= 50.5 / 0.130 + 0.25

= 50.5 / 0.38 = 132.9

= **133 managers**

The questionnaire consists of several paragraphs where the researcher used the Likert scale for the fifth grade in order to measure the opinions of the sample members of the study. It was given as:

- I strongly agree (5),
- I agree (4),
- Neutral (3),
- Disagree (2),
- Strongly Disagree (1).

By making a sign to the answer, that reflects their degree of approval. In addition, the following classification was used to judge on the following averages:

The mean arithmetic classes were divided according to the following equation:

The length of the class = the range / number of categories

The range = the upper / lower category:

- From 1 to 2.33 (low).
- From 2.34 to 3.66 (averaged).
- From 3.67 to 5.00 (high).

Data will be analyzed using the Statistical Package for Social Sciences version 19 (SPSS) personal computer version. Frequencies and percentages will be calculated on demographic variables, multiple regression analysis, Simple regression analysis, One-way Analysis of Variance (ANOVA) and relationships between demographic variables and information of corporate governance, ethical culture, and participation in decision-making and reduction corporate fraud will be examined using Pearson's correlation analyses with an alpha level of 0.05.

5. Findings

Table (2): Cronbach's alpha coefficients for the study variables

NO.	The variable	Number of paragraphs	Cronbach's alpha coefficient	Stability and return coefficient
1	Corporate Governance	7	92.8%	93.5%
2	Participation in Decision Making	7	76.4%	88.9%
Independent variables as all		14	84.6%	91.2%
3	Corporate Fraud	7	71.1%	82.4%

As shown in Table (2), Alpha-Cronbach coefficients of the independent variables ranged from 92.8% to 76.4%. The highest coefficient was for the "Corporate Governance" and the lowest for variable "Participation in Decision Making", also the Cronbach alpha coefficient for independent variables was as whole (84.6%). And that all stability coefficients are high and acceptable for the purposes of the study, where the coefficient of constancy (Cronbach Alpha) is considered acceptable if more than (60%).

The coefficients of stability and return (honesty) of the independent domains or variables were also varied between (93.5% - 88.9%) the highest average was for the Corporate Governance, and the lowest for the (Participation in Decision Making) and the stability of the independent variables as a whole was (91.2%). And that all stability coefficients are high and acceptable for the purposes of study, where the coefficient of constancy (Cronbach Alpha) is considered acceptable if more than (60%).

Years of experience

For the years of experience, they were divided into four categories. Table (3) shows that respondents with years of experience ranged between (6 to 10 years) were the most frequent (66 person) with percentage (49.6%), followed by respondents with years of experience varied between (11 to 15 years) numbered 45 person with percentage (33.8%). Finally those with years of experience (5 years or less) and persons with years of experience (16 years and older) and the number of each of these categories were 11 with percentage (8.3%).

Table (3): Distribution of Respondents according to years of experience

Variable	Category	Frequency	Percentage
Years of Experience	5 years or less	11	8.3%
	6-10 years	66	49.6%
	11-15 years	45	33.8%
	16 and above	11	8.3%
Total	-	133	100%

Education level

As for the educational level, the categories were divided into four sections. Table (4) shows that the respondents with the highest level of education (BA) were the most frequent numbered 79 with percentage (59.4%), followed by the 44 respondents from the Master's degree of percentage (33.1%), followed by 7 Ph.D. holders with percentage (5.3%), and finally those with a level of education (average diploma or less), numbered 3 persons and with percentage (2.2%).

Table (4): Distribution of Respondents according to education level

Variable	Category	Frequency	Percentage
Education Level	PhD	7	5.3%
	Master	44	33.1%
	Degree or professional	79	59.4%
	Diploma or below	3	2.2%
Total	-	133	100%

Standard Deviations

First: The arithmetical averages and the standard deviations of the first scale independent variables as a whole. Table (5) shows that:

Table (5): The mean and standard deviations of independent variables: (n = 133).

NO.	The variable	mean	Std. deviation	Rank	Class
1	Corporate Governance	3.85	0.63	3	High
4	Participation in Decision Making	3.87	0.60	2	High
Independent Variables as all		**3.86**	**0.41**	**-**	**High**

Table (5) shows that the means for the independent variables ranged from (3.87 to 3.85). The highest was participation in decision making with an average of 3.87 and with high degree, followed by corporate governance with an average of 3.85 and with high degree and the mean of independent variables as a whole reached (3.86) in a high degree.

The following are the averages and standard deviations of each independent variable and each paragraph of its paragraphs.

Corporate Governance

Table (6) shows the means and standard deviations of the Corporate Governance.

Table (6): the means and standard deviations of the paragraphs of corporate governance (n = 133).

NO.	The Paragraph	mean	Std. deviation	Rank	Class
1	The Company in the Iraq stock exchanges accepts the application of the Corporate Governance Code.	3.97	0.92	4	High
2	The Company in the Iraq stock exchanges have adopted principles of corporate governance within its internal policies	4.21	0.85	1	High
3	The Company in the Iraq stock exchanges takes into account the interest of all shareholders in accordance with the principles of Corporate Governance Code while making decisions.	4.05	1.12	3	High
4	The shareholders allowed to participate and to vote at the general assembly of the company.	4.08	0.86	2	High

5	The management of the company publishes the data on legal actions, if any, challenging those decisions.	3.44	1.22	7	Medium
6	The corporate governance prepares rules defining which services may not be provided to the company by the external audit company and persons related to it.	3.60	1.28	6	Medium
7	The corporate governance monitor nature and quantity of services other than audit, received by the company from the audit company or from persons related to it.	3.62	1.24	5	Medium
corporate governance as all		**3.85**	**0.63**	**-**	**High**

Table (6) shows that the means ranged from (4.21 to 3.44), where paragraph (2), which stated that "the company in the Iraq stock exchanges have adopted principles of corporate governance within its internal policies" in the first place with a mean average (4.21) to a high degree, followed by paragraph (4), which stated "The shareholders allowed to participate and to vote at the general assembly of the company." with an average of (4.08) and high degree, and in last place paragraph (5) which stated "The management of the company publishes the data on legal actions, if any, challenging those decisions." With an average of (3.44) and a medium degree, and the mean average of the field of "corporate governance" as a whole (3.85) and with a high degree.

Participation in Decision Making

Table (7) shows the mean averages and the standard deviations of the variable participation in decision making:

Table (7): the means and standard deviations of participation in decision making (n = 133).

NO.	The Paragraph	Mean	Std. deviation	Rank	Class
1	My boss is available for me to discuss my concerns or worries or suggestions	3.85	1.08	5	High
2	The decisions in my department are made through consultation with members of the department	4.02	0.96	2	High
3	The decisions in my department are made by those individuals in the department who charged with the task	3.96	1.06	3	High
4	I am encouraged to learn skills outside of my	4.12	0.87	1	High

	immediate area of responsibility				
5	My boss asks me politely to do things, gives me reasons why, and invites my suggestions	3.73	1.24	6	High
6	l am given an opportunity to solve problems connected with my work	3.89	1.08	4	High
7	If I want extra responsibility my boss will find a way to give it to me	3.52	1.25	7	Medium
participation in decision making as all		**3.87**	**0.60**	**-**	**High**

Table (7) shows that the mean averages ranged between (4.12-3.52), where paragraph (4) which stated "I am encouraged to learn skills outside of my immediate area of responsibility" ranked first with an average of (4.12) and with a high degree, followed by paragraph (2), which stated "The decisions in my department are made through consultation with members of the department", with an average of (4.02) and to a high degree. Finally, paragraph (7) which stated that "If I want extra responsibility my boss will find a way to give it to me" with an average of (3.52) and a medium degree, and the mean average of "participation in decision making" as a whole reached 3.87 with a high degree.

Second: the mean averages and standard deviations of the second measure paragraphs (dependent variable), and Table (8) shows that:

Table (8): the means and standard deviations of Corporate Fraud (n = 133).

NO.	The Paragraph	Mean	Std. deviation	Rank	Class
1	There appropriate use of electronic access control, closed-circuit television, electronic surveillance, and so on.	3.57	1.28	4	Medium
2	Employees, suppliers, and customers know how to report a suspected incidence of fraud.	3.78	1.13	1	High
3	Fraud considered in the design and implementation of internal control structures.	3.46	1.27	6	Medium
4	Adequate monitoring controls in place and effective to identify red flags for fraud, should they occur.	3.77	1.23	2	High
5	Appropriate use of adequate monitoring controls by corporate governance in place and effective to identify red flags for fraud,	3.57	1.28	4	Medium

	should they occur.				
6	There a policy for reporting all frauds to legal authorities and pressing charges.	3.53	1.30	5	Medium
7	There a policy for instant dismissal for commission of fraud.	3.67	1.34	3	Medium
Corporate Fraud as all		**3.62**	**0.57**	**-**	**Medium**

Table (8) shows that the mean averages of the dependent variable paragraphs corporate fraud ranged between (3.78 - 3.46), where paragraph (2), which stated "Employees, suppliers, and customers know how to report a suspected incidence of fraud . " in the first place with an average (3.78) and high degree, followed by paragraph (4), which states "Adequate monitoring controls in place and effective to identify red flags for fraud, should they occur." with an average of 3.77 and a high degree, and finally Paragraph (3), which states "Fraud considered in the design and implementation of internal control structures" with an average of (3.46) and a medium degree, and the mean of the variable of corporate fraud as a whole (3.62) and with a medium degree.

Hypotheses Testing

The relationship between Corporate Governance, Participation in Decision Making and Corporate Fraud.

H_1: There is a statistically significant relationship between corporate governance, ethical culture, participation in decision-making and corporate fraud.

To validate this hypothesis, Multiple Regression Analysis was used to reveal the relationship and effect of corporate governance, ethnic culture and participation in decision making against corporate fraud in listed corporations in the Iraq stock exchange. Table 11 illustrates this:

Table (9): Multiple Regression Analysis: Relationship between Corporate Governance, Participation in Decision Making and Corporate Fraud.

The Variables	T	T. sig.	R	R^2	F	Sig.
Corporate Governance	2.204	0.029	0.518	0.268	15.747	0.000
Participation in Decision Making	6.767	0.000				

The dependent variable: Corporate Fraud

Table (9) shows that participation in decision making is the most influential in corporate fraud where (T) reached (6.767) and with statistical significance (0.000), and the value of (R) reached (0.518), which is the correlation coefficient of the total model, and (R2) value reached (0.268), which represents the percentage of influence or interpretation of all the independent variables on the dependent variable, and the value of (F) (15.74) with statistical significance (0.000), indicating the relationship and effect between (corporate governance and participation in decision making) (corporate fraud) in listed corporations in the Iraq stock exchange.

The relationship between Corporate Governance and Corporate Fraud.

H_1 (a): There is a statistically significant relationship between Corporate Governance and Corporate Fraud.

To verify the validity of the first hypothesis, a simple linear analysis was used. Table (10) shows that:

Table (10): Simple Regression Analysis: Relationship between Corporate Governance and Corporate Fraud.

The Variables	T	R	R^2	F	Sig.
corporate governance	10.971	0.076	0.06	0.758	0.000

The dependent variable: Corporate Fraud

Table (10) shows that there is a clear relationship between corporate governance and corporate fraud. This relationship was the impact of the corporate governance against corporate fraud. The value of (T) reached (10.971) and the value of (R) reached (0.076) which represent the correlation coefficient of the model, and the value of (R2) reached (0.06) which represents the ratio of the relationship or the impact of the corporate government against corporate fraud, and the value of (F) reached (0.758) with a statistically significant (0.000), and this indicates the relationship and the impact of corporate governance against corporate fraud.

The relationship between Participation in Decision Making and Corporate Fraud.

H_1 (b): There is a statistically significant relationship between Participation in Decision Making and Corporate Fraud.

To verify the validity of the third sub- hypothesis, a simple linear analysis was used. Table 11 shows that:

Table (11): Simple Regression Analysis: Relationship between Participation in Decision Making and Corporate Fraud.

The Variables	T	R	R^2	F	Sig.
Participation in Decision Making	6.439	0.489	0.233	41.08	0.000

The dependent variable: Corporate Fraud

The results of Table (11) show that there is a relationship between participation in decision-making and corporate fraud, and that this relationship was the effect of participation in decision-making against corporate fraud, where (T) reached (6.439), and the value of (R) reached (0.489), which represents the correlation coefficient of the aggregate model, and the value of (R2) reached (0.233), which represents the proportion of the relationship or the effect of participation in decision-making against corporate fraud, and the value of (F) reached (41.08) with statistically significant (0.000), this indicates that relationship and the impact of participation in decision-making against corporate fraud.

6. Conclusion

In the light of the analysis that was conducted in the fourth chapter of the study sample answers from the managers of finance and accounting in companies listed in the Iraq Stock Exchange, will be addressed a presentation of the overall results of the researcher, and can summarize the most important results of the study which reached through the answers of the study sample including follows:

- **The first hypothesis: There is a statistically significant relationship at the level ($\alpha \leq 0.05$) between corporate governance and corporate fraud.**

The results of the study showed that there is an impact of corporate governance in mitigation of companies' fraud in the Iraqi Stock Exchange and statistically significant (0.000).

The success of the Iraqi companies listed on the Iraqi Stock Exchange is in dire need to apply the rules of corporate governance, to mitigate as much as possible corporate fraud, because the phenomenon of corporate fraud is a phenomenon all over the world, mainly in the Iraqi companies listed in the market Iraq Securities, according to the study Sivan (2016) that showed that Iraq is one of the few countries that showed high levels of administrative corruption and corporate fraud.

Accordingly, the results of the study showed that the application of corporate governance recently applied in Iraqi companies, led to address many forms of fraud in those companies according to the opinions of the sample of the study, in addition to the possibility of incorporating corporate governance applications and internal policies of companies. On the other hand, corporate governance works to put the right person in the right place, where the members of the board of directors are effectively selected according to their administrative personalities and their secretariat and their sound moral culture, through the application of the election law and allow shareholders to elect members of the board of directors, in addition to the use of Companies have laws in place to hold corrupt parties and those responsible for corporate fraud and criminalization. Due to the efficiency and effectiveness of corporate governance applications in reducing corporate governance, the assumption error rate was (0.000).

- **The second hypothesis: There is a statistically significant relationship at the level ($\alpha \leq 0.05$) between Participation in Decision-Making and Corporate Fraud**

The results of the study showed that there is a statistically significant relationship at the level ($\alpha \leq 0.05$) to participate in decision-making, and to reduce corporate fraud, where the value of statistical significance (0.000), which means that there is a direct relationship and impact to participate in decision-making and reduce corporate fraud. As noted earlier, the participation of administrative staff in decision-making, will develop a sense of responsibility towards the company, and develop feelings of belonging to the companies in which they work, until the employee reaches the degree of feeling that he is the real owner of the company, and begins to work hard and sincerity and honesty for the purposes of development those companies and to protect them from any form of corruption, especially in the case of activating the remuneration systems in the companies listed on the Iraq Stock Exchange, then the employee will work to share his ideas and information with the management of the company to achieve the objectives of the company, reflecting on his career continuously, and also achieve returns Financial rewards for employees, thus avoiding the employee himself from the use of any methods that lead to fraud or any manifestations of administrative corruption.

7. Recommendations

In the light of the findings reached above, the researcher made a set of recommendations in order to realize the companies listed in the Iraq Stock Exchange to the importance of applying corporate governance, and the factors that lead to the selection of employees with participate in decision-making, in order to reduce of corporate fraud, the following are the recommendations:

- First: the need to pay attention to the application of corporate governance in the Iraqi market for securities and the contents of companies in various activities and areas.
- Second: Iraqi companies seek to develop corporate governance applications in line with the requirements of modern times, such as the application of electronic governance, to obtain more accurate and comprehensive information about all the activities of companies, and financial flows in them.
- Third: the need to apply laws that criminalize the embezzlers and fraudsters in companies listed on the Iraqi market for securities, so that they are punished harsh penalties, and to be a lesson to the rest of the employees in those companies.
- Fourth: The need to develop accurate controls on cash inflows and outflows of companies listed on the Iraq Stock Exchange, and track all transactions and activities of the company at the level of internal and external environments.
- Fifth: the need to develop modern methods for the selection of administrative staff, especially managers of finance and accounting, so that they are selected according to the specifications of an ethical culture, such as reviewing the history of their work, and their curriculum vitae more effectively to ensure the sincerity and honesty in the work.
- Sixth: The need to benefit from all suggestions and opinions through brainstorming of employees, and involve them in the decision-making and decision-making process, and abandon the traditional methods that involve the concentration of power and decision by the Chairman of the Board of Directors, and share decisions with all administrative staff.
- Seventh: the need to apply both corporate governance, and the adoption of ethical culture, and participation in decision-making, as each of these elements work to reduce corporate fraud individually, and at medium levels and sometimes weak control of the manifestations of fraud, and the introduction of the three elements taken together, it will reduce or eliminate corporate fraud efficiently and effectively.

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