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Exploring the Impact of Corporate Governance in Improving Transparency, Combating Corruption and Promoting Sustainable Development Plans - Evidence from Listed Banks Iraqi

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Abstract. In the pursuit for the significant effect of business management in the transparency of reporting, development of sustainability, reduction of corruption in banks, and the improvement of bank performance, the purpose of this study is to investigate the impact of business management mechanisms by enhancing the transparency of financial reporting, fostering sustainability, and reducing corruption in Iraqi banks. Utilizing the two advantages of objective documentation and local dimensions in defining the corruption index and calculating corporate governance with the assistance of four indicators of major shareholders, the size of the board of directors, the number of non-commissioned members, and the duality of the CEO represent the innovation of this study. A sample comprises chosen banks listed on the Iraqi stock exchange from 2015 to 2021, totaling 24 banks and 168 banks during the seven-year period. In this study, multivariate regression analysis with panel data was performed. Strong corporate governance was demonstrated to support the transparency of financial reporting and the sustainable development of banks. Moreover, banks with strong corporate governance have less corruption. The findings illustrate the significant of business management and its effect on Iraqi banks. Therefore, Iraqi banks are recommended to make considerable efforts to enhance the country's economic health by increasing the aforementioned indicators.

Keywords: Corporate governance, Corruption, Sustainable development, Financial reporting transparency, Iraqi banks

INTRODUCTION

Nowadays, the effect of banks on their external environment is regarded as a worldwide phenomenon, and the beneficiaries' expectations of the banks role in the evolution of countries are constantly expanding. In response to the increasing trend in demand for transparency and accountability regarding the performance of banks and their effects on society and stakeholders, guidelines, principles, rules, and regulations are constructed for their operation, upon which banks voluntarily publish their reports in various dimensions [1]. In addition, investors require transparent, accurate, and trustworthy financial and non-financial information about key performance indicators, which is supplied by sustainable performance reporting [2].

The paucity of transparency of financial information is characterized as the deliberate prevention of access to information, the misrepresentation of information, or the inability of the market to ensure the sufficiency of the relevance and quality of information [3]. In compliance with the scandals of the early 21st century and the emergence of financial crises in the world's stock markets, the lack of transparency of financial information has been identified as a significant problem. The problem of information transparency in the financial reporting process has garnered considerable prominence. [4] indicated that disclosures would contribute to financial transparency and

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improve the quality of information available to investors. Furthermore, the social responsibility disclosure as a representative of companies' financial and non-financial information disclosures will lead to enhanced financial transparency over the life cycle. Notably, corporate governance procedures considerably affect the relationship between social responsibility reporting and transparency in relation to social responsibility participation. The optimal corporate governance system stresses the transparency of information disclosure and the elimination of insider information. It also aims to decentralize power, solve problems generated by the separation of management and ownership, and respect shareholders' and beneficiaries' interests [5].

Sustainable performance reporting is the process of identifying, categorizing, measuring, recognizing, and reporting activities in all five dimensions of sustainable business performance, and it enables companies and other economic organizations to develop and implement strategies [6]. Nowadays, the effect of companies on the external environment is regarded as an international consideration, and stakeholders' expectations concerning the function of business units are always increasing. In this regard, substantial attempts have been devoted to attaining the desired global sustainable development goals. In fact, the program for sustainable development has been the primary focus of several government and non-government organizations. In practice, no economic work strategy is complete without a mention of "sustainability" [7]. In addition, as a result of an increase in business-related awareness and expectations, the notion of sustainability has evolved from a macro environmental concern to a primary business practice [5]. It is a widely held belief in this field that businesses can accomplish sustainable development through improved sustainable performance, and companies, policymakers, investors, shareholders, and other interested parties are therefore under pressure to adopt sustainable practices [8]. This will strengthen the long-term economic status of companies. Companies have expanded their efforts to attain Achieving sustainable outcomes by integrating economic, social, and environmental tenets into their organizational activities. corporate governance plays a significant role in this relationship by making sound decisions regarding provocative sustainability practices [9]. Good governance is associated with improved monitoring of social and environmental performance so that illegal and socially unacceptable actions are avoided in order to sustain the company's reputation and general portrayal in the marketplace. Components of corporate governance, such as the board of directors' composition, CEO duality, and board size, can have a significant effect on a company's sustainable performance. For instance, [10] found in their research that more disciplined boards in terms of board meeting attendance and boards with a larger share of independent directors had a more sustainable performance. In addition, companies with high sustainability have greater responsibility, and they have more incentives compared to their counterparts in executing economic and environmental actions [11]. In recent years, corporate governance has become a key and dynamic aspect of business, and it has received much momentum. In this respect, significant progress has been made in the implementation of corporate governance at the global level. International organizations such as the Economic Cooperation and Development Organization set acceptable international norms in this respect. Since ownership has been separated from management, monitoring managers has become exceedingly difficult. Hence, numerous regulatory measures have been proposed to decrease agency expenses and costs. Since raising the wealth of shareholders is one of the most important aims of companies, increasing wealth will only be realized as a consequence of excellent performance.

The presence of widespread corruption, which can result in ineffective resources and financial policies, is one of the most significant economic obstacles that companies must overcome to solve their problems. Corruption has a negative impact on the lives of poor people and the most vulnerable members of society, as it results in increased costs, decreased access to health, educational, and judicial services, and the production of non-standard or harmful products. For instance, in relation to the human costs of counterfeit drugs and vaccinations and the lifelong effects on children, the Bank of the World 2020 conducted a study in which it was stated that the framework of corruption indicates its significant effects on various economic variables, such as company performance. Corruption inhibits investment and hinders economic growth. Governments with the capacity to fight corruption employ their human and financial resources more efficiently and attract more capital. Many of the world's most expensive forms of corruption would not exist in the absence of private companies in wealthy nations. Companies that pay large bribes and assist corruption via the use of lawyers, bankers, and accountants [12] constitute one of the most contentious challenges in corporate governance. The financial policies of a company can be affected by the behavior and structure of the board of directors, the concentration of ownership and the composition of important shareholders and their monitoring of the company's performance, and the participation of institutional shareholders in management.

As the incidence of fraudulent and corrupt practices continues to magnify within the banking sector, it is imperative for accountability and transparency protocols and regulations to be established and enforced in order to uphold the efficient and lucrative operation of such institutions. Stated differently, the application of accountability and transparency protocols will mitigate the issues engendered by corruption, a risk that is widely regarded as the paramount concern for financial institutions. In the context of the banking industry, instances of corruption and disregard for professional standards and laws constitute a significant transgression of the professional and ethical frameworks that regulate other societal institutions. This is particularly concerning given that banks are fundamental to Iraq's major economic structures as established by [13].

Despite the widespread notion that banks are synonymous with transparency and integrity, the issue of corruption presents a formidable challenge for many financial institutions across the globe. The presence of corruption and the absence of transparency and integrity pose significant obstacles to the successful operations of banks in financial, economic, and social realms, particularly in emerging nations [14]. In recent years, several reports have shown various examples of corruption in various developing countries, including Morocco, Syria, and Iraq, which have had adverse effects on the performance of banks in these countries [15].

As such, it is recommended that banks devise robust and dependable corporate governance guidelines that are tailored to their particular circumstances. To ensure ethical functioning and curb malpractices, banks are required to operate within a synchronized legal framework. Furthermore, [16] propose the notion of fostering and embracing an ethical culture in banking institutions, wherein all personnel, administrators, and interested parties are cognizant that gains can only be realized through lawful practices. It is imperative for both employees and stakeholders alike to acknowledge and abide by legal frameworks when pursuing profitability or exploring market opportunities, avoiding any actions that would cause deviation therefrom. The inculcation of an ethical culture ought to receive emphasis from the bank's leadership and should be accorded priority commensurate with the establishment of regulatory frameworks and protocols. The underlying justification is that an ethical culture ought to be manifested in all routine proceedings and across all hierarchical tiers. The establishment of an ethical culture within an organization holds an equivalent level of significance as that of designing measures to prevent and address corruption, as elucidated by [17].

Iraq presents a fertile setting for studying the ramifications of governance-related disclosures on the attitudes and conduct of corporations in the public domain. The enhancement of governance in a burgeoning economy, such as Iraq, holds the potential to impart discernible and quantifiable effects on the market. The issue of governance effectiveness in Iraq holds significant importance, particularly with regards to minority investors. Considering the strength of Iraq's legal environment and the presence of this country in the share of energy equipment in global markets, if Iraqi banks can commit to better governance, it is more likely that they will invest properly and provide more transparent financial reports, and as a result, the probability of a fairer return [18].

As thus, the following study inquiries:

1- Are corporate governance procedures and policies effective in improving the transparency of Iraqi banks?
2- Corporate governance procedures and policies are effective in improving the Sustainable Development of Iraqi banks
3- Are corporate governance policies and procedures effective and reliable in reducing and preventing corruption in banks?

The outcomes of corporate governance in banks imply that if corporate governance is stronger, sustainability measures, reporting transparency, and corruption are reduced, it can enhance long-term profit, it is likely that business unit leaders and other economic organizations will be more likely to implement and give more prominence to corporate governance. Doing so satisfies both their economic and ethical commitments to shareholders and other stakeholders [19]. This research can assist in strengthening the relationship between corporate governance and economic outcomes, which will aid senior bank managers who are considering investment in corporate governance programs. The banking sector is presently regarded as one of the major sectors in the modern economy [20] due to its significant role in mobilizing domestic and international savings and its contribution to financing investments, which constitute the heart of economic activity. Therefore, this study will investigate if corporate governance influences the characteristics of sustainability development, reporting transparency, and corruption reduction in Iraqi banks.

With environmental and social concerns becoming more prominent in society and the impact it may have on employees, communities, governments, and other stakeholders, this study can have a significant impact on their decisions by providing a better understanding of the impact of reporting transparency and corruption reduction on banks' sustainability performance [21]. Businesses in emerging markets and other parts of the world are increasingly seeking ways to integrate environmentally friendly and socially responsible practices [22] and procedures while still accomplishing acceptable financial outcomes regardless of the challenges and the inherent complexities of this process. In many cases, organizations seek innovative outcomes not only to gain competitive merit but also to stymie environmental degradation and address social issues [23].

LITERATURE REVIW AND HYPOTHISES DEVELOPMENT

Corporate Governance

Or business management is a mechanism that tries to defend the rights and interests of stakeholders and minimize the violation of the rights of individuals. Corporate governance emphasizes issues such as compliance with laws and regulations, transparency in financial reporting, and preservation and care of shareholders' assets and interests. Effective decision-making is aimed at achieving goals, thus identifying and fulfilling the rights of shareholders, creating appropriate relationships with all shareholders, creating transparency in the performance of managers, disclosing appropriate and complete information related to accountability, managers, aligning interests and protecting the rights of all stakeholders, applying ethical values and It is possible to minimize the conflict of interests of the beneficiaries. In general, the corporate governance system is the set of relationships between the executive management, the board of directors, shareholders and other relevant parties in a company, which, with the aim of creating a suitable structure, sets the company's goals and determines the ways to achieve the goals and monitor the performance. Proper establishment of corporate governance mechanisms is a basic measure for optimal use of resources, promotion of accountability, transparency, fairness and protection of the rights of all stakeholders of companies. Basically, the corporate governance system seeks to eliminate the conflict of interests between management and shareholders [24].

From another point of view, corporate governance is defined as structures and processes through which companies can be guided and controlled in an optimal way. Good corporate governance helps companies operate more efficiently, have more and easier access to company capital, and reduce risk. reduce and be safe from mismanagement, in this way, it makes the governance of the company accountable and transparent to responsible investors and provides a tool to the companies through which they can solve the concerns of its beneficiaries [25].

. The board of directors directs and supervises the executive management and the executive management implements the adopted decisions. The board of directors that interferes in the work of the management and assumes the role of the executive board is actually considered a part of the management and It is not independent of it. The basic role of the board of directors is to ensure that the company is guided by entrepreneurial spirit, which is done through guidance and supervision and increases the value of the company. Also, the board of directors is responsible for evaluating and approving the company's strategy, ensuring the soundness of disclosure and appropriate and timely disclosure of Including financial and other reports to the stakeholders, as well as guaranteeing the manager's performance against the effective risks and internal control of the company. Accountability is the essence of corporate governance. The ultimate goal of business management is to achieve four things: accountability, transparency, justice and compliance with the rights of stakeholders in companies. Accountability is the main basis of business management goals, with proper accountability, three other goals are achieved [25].

Financial Reporting Transparency

In accordance with [26] assertion, the facilitation of information transparency can broaden the availability of pertinent and trustworthy data pertaining to various areas such as course efficacy, fiscal stability, investment prospects, corporate oversight, and the inherent hazards faced by an entity. As the level of information transparency in financial markets increases, a corresponding rise in stability is observed and the probability of crisis is consequently diminished. This effect generates an increase in investor trust, which leads to an increased participation in the market by a greater number of individuals. Investment constitutes a fundamental requirement for transitioning an underdeveloped economy to a developed state, wherein the level of investment within any given economic system serves to determine the extent of economic growth, market dynamism, and ultimately, the advancement of societal well-being. According to [27], transparency encompasses the provision of comprehensive access to pertinent and dependable information regarding the periodic performance, financial status, investment possibilities, supervision, value, and risk of companies that are publicly traded [28] have put forth their definition of transparency in the domain of corporate governance. According to them, transparency entails the provision of information to corporate stakeholders, particularly pertaining to those aspects that have a direct impact on their interests. Despite the undeniable advantages of transparency of information, it is important to acknowledge that there are certain situations in which it can engender issues and complications. The issue of missed opportunities to inform the public due to associated costs and time constraints is a pertinent problem. Consequently, it would be beneficial to adopt an approach of transparency for information dissemination, which would negate the aforementioned expenses [28]. According to [29], transparency is defined as the promptness and sufficiency of revealing financial and operational activities. The optimal characterization of transparency in business, as posited by [30], is the provision of high caliber and comprehensive financial statements. According to [31], transparency refers to the prompt and dependable dissemination of economic, social, and political data that is accessible to all pertinent stakeholders.

The provision of transparency affords individuals with the opportunity to attain pertinent and appropriate information pertaining to a given decision. The establishment of regulations and modifications to existing legislation has been prompted by the erosion of public confidence in capital markets, with the objective of advancing equity and augmenting the quality of information provided. As such, the transparency of financial reporting is characterized by the accurate and comprehensive presentation of a business's economic realities within its financial statements, which are designed to be comprehensible to users thereof [32]. The inherent quality of corporate disclosure, which entails the provision of informative material, serves to augment the transparency of both financial and operational performance, thereby improving the decision-making abilities of both internal and external stakeholders in their business and economic activities. Organizations that uphold the tenets of transparent reporting and information disclosure have chiefly endeavored to provide timely, precise, comprehensive, and superior disclosure to address the demands of stakeholders. The act of management providing transparent disclosure of information denotes an adequate response to the requirements of those seeking information, whilst simultaneously fostering the generation of value and upholding principles of social justice [33].

Business Management and Financial Reporting Transparency

Corporate governance also plays a significant role in the nature and process of financial reporting, impacting the company's performance [34]. Corporate governance is a multidimensional term, and among the key elements of the corporate governance system are accountability, transparency, fairness, and the rights of stakeholders. The findings of [35] indicate that the size of the board of directors, the independence of the board of directors, and the proportion of non-executive board members are partially dependent on one another and are influenced by the membership of board members on the corporate social responsibility committee. The features of the board of directors are one of the most important elements of the corporate governance structure and one of the most effective techniques for minimizing the lack of transparency. These efficient profit management methodologies exist either within or outside the company. With regard to the external mechanism, research has demonstrated that a disciplined environment may have a greater impact on lowering the lack of transparency and profit management. In countries where shareholders have legal protections, earnings management is employed to a negligible degree.

Appropriate corporate governance may be utilized as a strategy to raise the value of a company by establishing a desirable image in the eyes of its shareholders and by assisting the company in overcoming problems and avoiding dangers. This relationship appears to be effective due to the company's moderate transparency levels [36].

In defining corporate governance from Hodoud's perspective, companies strive to increase shareholders' wealth, limit their accountability to shareholders, and disregard the rights of other stakeholders. From a broader perspective, however, and in accordance with the theory of stakeholders, companies have cultivated so large and their impact on society is so significant that, in order to fulfill their responsibilities, they must pay attention to and be accountable for many aspects of society along with the shareholders. Consequently, based on the prevalent opinion expressed in the explanation of corporate governance strategies, this guidance can promote financial reporting transparency [37].

According to the contents, the first hypothesis of the research is stated as follows:

Hypothesis 1: There is a positive and significant relationship between corporate governance and transparency

Sustainable Development Plans

From the perspective of liberalism, if companies do not pay proper attention to the social, economic, and environmental aspects of sustainability, the perspective of sustainable development is considered weak [38]. Previous studies indicate that companies should, in addition to being morally responsible and responding to Stakeholders engage in sustainability practices due to their job issues [39]. There is evidence that shows that reducing carbon emissions and energy consumption brings economic benefits [9]. Likewise, minimizing the risk of global warming provides competitive advantages and long-term investments for the company [40]. In general, there is an opinion that sustainable performance strengthens the financial performance of business in the long term [41], thus reaching the goals of sustainable development at the world level [8].

Businesses must employ standards of excellence as part of a financial plan if they are to balance serving the interests of today's and tomorrow's customers. Additionally, sustainability improves managerial skills and aligns interests. With the interests of the stakeholders, which is claimed by the advocate of the stakeholder theory, it increases organizational competence [42].

Corporate Governance and Sustainable Development Plans

By integrating social, environmental, and economic concepts into their business processes, firms today aim to operate more sustainably. In this sense, business governance is essential since it makes it easier for cutting-edge sustainability measures to be adopted [43]. The monitoring of environmental and social outcomes is also linked to efficient management. To sustain its reputation on the market, the company must avoid indulging in illegal and socially undesirable activities. The components of corporate governance, such as the composition of the board of directors, the duality of the company's CEO, and the size of the board of directors, can substantially influence a company's sustainability performance. In a research, [44] discovered that companies with more board meeting discipline and attendance and those with a larger proportion of independent directors have more sustainable performance. In addition, successful companies have boards of directors whose goals are closely tied to those of their counterparts in environmental and social economic activities [11].

According to [45], healthy governance is likely to positively affect sustainability performance [46]. The governance mechanism can create sustainable value by balancing economic, social, and environmental implications [47]. The stakeholder theory, in particular, can explain the relationship between business management and sustainable performance by suggesting that the business management system should incorporate economic, social, and environmental factors into the company's methods and strategies to guarantee the protection of the beneficiaries' interests [48].

According to the contents, the second hypothesis of the research is stated as follows:

Hypothesis 2: There is a positive and significant relationship between business management and sustainable development performance.

Corruption

Corruption is a salient social and environmental concern as it pertains to the considerable influence wielded by corporations in contemporary times, causing alarm among the populace. The phenomenon of corruption constitutes a profound impediment to the attainment of sustainable economic, political, and social advancement for nations across various stages of development. The aforementioned statement from IFAC (2019) highlights the significance of enhancing endeavors directed towards boosting governance frameworks and reinforcing measures targeting the improvement of corruption prevention, detection, and sanctioning.

Moreover, we draw attention to alternative articulations of corruption as espoused by non-governmental organizations and voluntary endeavors, including but not limited to Transparency International, GRI 205, and the Global Compact. Transparency International (2019) posits that corruption can be delineated as the exploitation of authority for the purpose of securing personal gain. This phenomenon can be categorized into two primary types: (1) grand corruption, which is prevalent at the upper echelons of government. The act of political corruption encompasses two major forms: (i) manipulating policies or functions of the central government in a deceitful manner, and (ii) engaging in petty corruption or bribery, which involves the offer, promise, delivery, acceptance, or requirement of an incentive for committing an illegal or immoral act that exploits trust and political influence. Furthermore, GRI 205 (2016) and Article 10 of Pactomundial (located at www.pactomundial.org) both provide provisions pertaining to illicit activities such as corruption, including but not limited to, bribery, unethical payments, fraud, extortion, collusion, and money laundering.

Corporate Governance and Corruption

Corruption is the abuse of entrusted authority and power for personal advantage. Corruption is one of the greatest impediments to economic progress, social development, and poverty reduction, as defined by the [49] "the misuse of government position for private gain". In the majority of studies, corruption has been identified as a phenomenon having negative impacts; however, some beneficial outcomes have been attributed to it, particularly in developing or transitioning countries.

The findings of previous studies indicate that corruption has both positive and negative effects on society, market economy policy, and companies, but the majority of the findings appear to suggest negative effects in both advanced and developing countries. If corruption is necessary for promotion and its costs are minimized, it can result in an increase in social welfare [50].

According to the worldwide transparency index, countries deemed to be more corrupt pay higher bond insurance risk premiums. According to [51], corruption reduces social capital, damages the investment environment, endangers political stability, and impedes economic growth. Politics has raised the expenses of accessing government services and decreased the willingness to innovate [52]. Corruption also decreases government investment in education and health and leads to improper distribution of resources to areas where bribery is more prevalent [53]. Furthermore, corruption negatively impacts income inequality and poverty and decreases the budget's balance and consistency [54]. Moreover, the infant and child mortality rates and primary school dropouts have decreased due to the decline in perceived corruption [55]. The high level of corruption diminishes community trust in the political system in general and the government in particular [56].

On the other hand, the quality of corporate governance is recognized as one of the most fundamental tenets of business, and greater emphasis is being devoted to it. As one of the effective factors in corruption, the quality of corporate governance is effective from multiple perspectives, including transaction cost representation theories, stakeholders, and signaling as an important factor in corruption. Corporate governance quality implies control, which establishes a system between organization members and information symmetry. By constructing informational symmetry, agency costs are reduced. This is to imply that managers, shareholders, owners, and lenders have the same viewpoint, and transaction costs are decreased, resulting in increased profit and growth for companies. Companies with lower agency and transaction costs do not engage in tax evasion or corruption. Conversely, suppose stakeholders, shareholders, and lenders are convinced of the quality of excellent corporate governance. In that case, they will trust the company and no longer pay legal costs, audit fees, and other expenses.

This process results in the expansion of the company and its equity; as a consequence of this cost reduction and improvement in the company's growth, companies no longer hide or evade taxes. This is due to the fact that, in the case of future tax evasion or corruption, they will be subject to even more severe penalties and punishments. On the other hand, investors and shareholders focus on the company's factors. When investors enter companies with high governance quality, a variety of indicators reflect whether the transaction is appropriate or not. The quality of corporate governance is a signal for shareholders, indicating whether the company is reliable or not. For instance, a company that correctly displays the amount of its debt in order to pay taxes based on the real profit of the company sends a message to its customers that strong corporate governance is prevalent and that there is a useful rationale for this, and it gives them confidence in their investment. Consequently, increasing the quality of corporate governance reduces the likelihood of tax evasion and corruption. According to the aforementioned discussions, the third research hypothesis is stated as follows.

Hypothesis 3: There is a negative and statistically significant relationship between corporate governance and bank corruption.

RESEARCH METHODOLOGY

The entirety of Banks that have been registered on the Iraqi Stock Exchange from the years 2015 up to 2021 are accounted for in the statistical population. A technique of systematic elimination is employed to gather samples. By utilizing the information presented in Table 1, a conclusive statistical sample was created at the conclusion of 2021. A clever rephrasing of this text might be: Crafting an adept rewording of this text could involve:

TABLE 1. The figure of Companies

Companies recorded on the Iraqi stock market	Number of Companies
Total figure of companies	130
Member companies of other industries	(45)
Financial intermediation, holding and insurance	(55)
The information required for this research should be accessible.	(6)
Total sample (Banks)	24

The fundamental details and primary statistics for testing a hypothesis were acquired through The employment of The database of The Iraq Stock Exchange. Our method for analyzing data involves examining it annually and from a cross-sectional perspective. For instance, intelligently rephrase this text: data Panels. Alternative phrasing: Panels of information or data sets. The hypothesis was tested using multivariate linear regression, while The collected data was analyzed using descriptive and inferential statistical techniques. To depict The information, a frequency distribution table is employed. At The deductive phase, the proposed suppositions are examined through various quantitative analysis methods such as The F-Limer and Hussmann tests, normality assessment, and multiple linear regression examination. it's important to effectively restate The content of this passage while preserving The original intended meaning.

Research Model

Hypothesis 1 was tested using Equation (1), while Hypotheses 2 and 3 were assessed by means of Equations (2) and (3), respectively

Model 1.

$$\begin{aligned} TRAN_{i,t} = b_0 &+ b_1 CG_{i,t} + b_2 LEV_{i,t} + b_3 Growth_{i,t} + b_4 ROA_{i,t} + b_5 LOSS_{i,t} + b_6 Cash_{i,t} \\ &+ b_7 MK_{i,t} + b_8 I\,B_{i,t} + b_9 RV_{i,t} + b_{10} FH_{i,t} + b_{11} NPM_{i,t} + b_{11} CA_{i,t} \\ &+ Year + \varepsilon_{i,t} \end{aligned}$$

Model 2.

$$\begin{aligned} SR_{\ i,t} = b_0 &+ b_1 CG_{i,t} + b_2 LEV_{i,t} + b_3 Growth_{i,t} + b_4 ROA_{i,t} + b_5 LOSS_{i,t} + b_6 Cash_{i,t} + b_7 MK_{i,t} \\ &+ b_8 I\,B_{i,t} + b_9 RV_{i,t} + b_{10} FH_{i,t} + b_{11} NPM_{i,t} + b_{11} CA_{i,t} + Year + \varepsilon_{i,t} \end{aligned}$$

Model 3.

$$\begin{aligned} Corruption_{\ i,t} \\ &= b_0 + b_1 CG_{i,t} + b_2 LEV_{i,t} + b_3 Growth_{i,t} + b_4 ROA_{i,t} + b_5 LOSS_{i,t} \\ &+ b_6 Cash_{i,t} + b_7 MK_{i,t} + b_8 I\,B_{i,t} + b_9 RV_{i,t} + b_{10} FH_{i,t} + b_{11} NPM_{i,t} + b_{11} CA_{i,t} \\ &+ Year + \varepsilon_{i,t} \end{aligned}$$

(The Dependent Variables)

$TRAN_{i,t}$:

This research will utilize the company's profit management proxy and [57] model to calculate one of its dependent variables, namely transparency.

$$\frac{TA_{i,t}}{A_{i,t-1}} = \alpha_1(\frac{1}{A_{i,t-1}}) + \alpha_2(\frac{\Delta REV_{i,t} - \Delta AR_{i,t}}{A_{i,t-1}}) + \alpha_3(\frac{PPE_{i,t}}{A_{i,t-1}}) + \alpha_4 ROA_{i,t} + \varepsilon_{i,t} \quad (1)$$

The error obtained from the above-mentioned fitted regression demonstrates the quality of discretionary accruals, hence demonstrating the transparency of financial reporting. For this index to be directly interpretable, its absolute value is derived from the residuals of the model, and its result should be multiplied by one so that high values indicate greater transparency.

$Sr_{i,t}$:

The content analysis method is used to study the content of companies' financial reports; this method has high credibility and reliability because it has been scrutinized by auditors. The disclosure level of sustainability reports is determined by weighting each element (economic, social, and environmental) of sustainability statement in conformity with GRI/G4. The utilization of a binary indicator yields a value of one if the company has disclosed the indicator in its annual reports. Moreover, its value is 0 if the company does not disclose the indicator index in its reports and the indicator belongs to that company.

Then, the disclosure level index of sustainability reports can be measured through the following equation [58, 59]

$$SR = AD / TD \quad (2)$$

Sustainability Report: disclosure level of sustainability reports

AD: the number of items disclosed by company (i) multiplied by the reports of the year (t)

TD: the total number of disclosure index cases (economic, social, and environmental)

Corruption:

Perceptual or subjective indicators related to corruption, such as international indicators of perception of corruption and control, corruption may not be able to provide a clear and tangible picture of corruption in a country or region, and the reason for that is the perception of the opinions and ideas of people who are the constituents of these indices and may be derived from the life and personal experiences of individuals for any reason. On the other hand, international perception indices cannot express the difference of corruption in different regions with unique characteristics in a country in order to solve this problem in This research used the objective index of corruption, i.e. the number of closed cases of embezzlement, bribery, and forgery in each province. Another important advantage of this index, in addition to its objectivity, is that it is a province, which shows corruption at the local level. [52], [60] and [61] used this index as an index of local corruption in their research. In this research, the number of closed corruption cases in the province

Each and every year, it is calculated for every hundred thousand people of the province and is used as a variable of corruption. This work is done in order to establish a balance between provinces with different populations.

The Independent Changeable

CG:

The independent Changeable in this study are corporate governance criteria, which are measured as follows.

Major shareholders: The shareholder who owns more than 5% of the bank is the major shareholder, and this variable is used to measure the overall proportion of the bank's major shareholders. Thereafter, we assign 1 to the numbers that are more than the median and 0 to the ones that are lower.

The size of the board of directors: To measure this variable, the number of bank board members is calculated. Thereafter, we assign 1 to the numbers that are more than the median and 0 to the ones that are lower.

The number of non-executive members: To measure this variable, the ratio of non-executive members of the board of directors to the total members of the board of directors is considered. Thereafter, we assign 1 to the numbers that are more than the median and 0 to the ones that are lower.

Duality of the CEO: To measure this variable, if the CEO is the chair or vice chair of the board of directors, the number is 1; otherwise, zero is considered.

Thereafter, the sum of the numbers derived from each index indicates the corporate governance score.

The Control Variables

$LEV_{i,t}$: The value of this variable is determined by dividing The total debts by The total assets for The present year.

$Growth_{i,t}$: the formula for it involves subtracting last year's sales from this year's sales and dividing the result by sales of last year

Manager $Knowledge_{i,t}$ (MK): If the management has financial expertise throughout the reviewed year, the score would be one; alternatively, it would be null.

$LOSS_{i,t}$: The value assigned for The bank's report is either one in case of a loss or zero in any other scenario.

$Cash_{i,t}$: The operational cash to total assets percentage of the financial institution is utilized.

Return on Assets (ROA): The outcome of the calculation obtained by dividing the net profit by the book value of the total assets.

Intrnational $Branch_{i,t}$: When a bank operates an international office, the value is 1, else it is a value of 0.

Standard Deviation of Stock Returns (RV): The standard deviation of the company's stock returns will be used to calculate this variable.

Net Profit Margin (NPM): Measures the percentage of profit after deducting all costs from sales. The formula for net profit divided by net sales

Financial Helth (FH): The result of dividing net facilities to total assets

CapitalAdequacy: The result of dividing Book value of equity to total assets

RESULTS

Data on Descriptive Statistics

Three analytical models were utilized in this research to examine the correlation among CG and TRAN, Corruption, and Sustainability Report. From 2015 to 2021, Iraqi banks are included in the panel data. The models are estimated by utilizing the following variables. The variables comprehensively encompass CG TRAN, Sustainability Report, and Corruption in addition to various control variables. The descriptive statistics are exhibited in Table 2

TABLE 2. Descriptive Statistics of Basic Changeable

Variable	Mean	Std. Div	Q1	Median	Q3	Min	Max
TRAN	-0.195	0.204	-0.046	-0.116	-0.347	-0.890	-0.009
SR	0.261	0.093	0.226	0.282	0.333	0.103	0.462
Corruption	19.250	26.308	2.274	5.108	31.324	0.787	134.892
CG	1.375	0.810	0.000	1.000	2.000	0.000	4.000
RV	0.066	0. 041	0.027	0.064	0.092	0.007	0.156
Lev	0.456	0.202	0.327	0.456	0.592	0.000	0.898
Growth	0.031	0.631	-0.379	-0.055	0.217	-1.000	2.135
ROA	0.045	0.040	0.017	0.037	0.061	-0.018	0.230
Cash	0.016	0.146	-0.047	0.011	0.082	-0.749	0.502
NPM	0.087	0.046	0.027	0.045	0.245	0.004	0.603
FH	0.032	0.026	0.047	0.025	0.072	0.000	0.099
CA	0.208	0.146	0.087	0.179	0.382	0.004	0.607

TABLE 3. Descriptive Statistics of Qualitative Changeable

Variable	Status	Frequency	Percentage %
Loss	0	156	92.86
	1	12	7.14
	Total	168	100.00
Manager Knowledge	0	104	61.90
	1	64	38.10
	Total	168	100.00
Intrnational branch	0	64	38.10
	1	104	61.90
	Total	168	100.00

Data Analysis and Main Results

The importance value in the data table above is below 0.05, which shows that every factor is constant.

TABLE 4. Outcomes of the component core testing for analysis of stability by Levin, Lin, and Vecho

Variable	p-value
TRAN	0.000
SR	0.000
Corruption	0.043
CG	0.021
RV	0.014
Lev	0.000
Growth	0.000
ROA	0.000
Cash	0.000
NPM	0.000
FH	0.024
CA	0.018

This study employed the Durbin and Wu–Hausman test to test endogeneity. The results of this test for research equations are reported in Table 5. Since the p-value is larger than 0.05, there is no endogeneity for the all models.

TABLE 5. The results of Durbin–Wu–Hausman test

Equation	Test	χ^2	p-value	Result
1	Durbin	$\chi^2 = 1.754$	0.463	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity.
	Wu-Hausman	F=0.911	0.532	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity
2	Durbin	$\chi^2 = 1.711$	0.463	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity
	Wu-Hausman	F=0.812	0.792	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity)
3	Durbin	$\chi^2 = 1.113$	0.378	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity)
	Wu-Hausman	F=0.758	0.603	The null hypothesis H0 has been rejected, therefore co ncluding that there is no presence of endogeneity)

The null assumption of integrating data at the level of trust of 99% is disproved according to the outcomes of the integration test in Table 6. For estimating the coefficients of these models, a model based on panel data should be used.

TABLE 6. The routcomesof pooling

Equation	*F* Statistic	p-value
1	5.74	0.000
2	7.76	0.000
3	3.79	0.000

Table 7 reports that The computed Hausman test statistic is 14.90. The results indicate that The random-effects model is The efficient model for all three research models, as evidenced by The high values of 7.56, 16.27, and 7.56 respectively. It is important to note that The rejection of The null hypothesis corroborates this finding that The proper model is indeed The random-effects model.

TABLE 7. The outcomes of the Hausman test

Equation	χ^2 Statistic	p-value
1	14.90	0.246
2	7.560	0.817
3	16.27	0.179

The Hausman test's result in Table 7 is 14.90. 7.56 is used for the initial study version. 16.27 for the following study design For the 3rd study framework, the most effective approach is the random-effects model since the table is larger and the null assumption is not rejected.

TABLE 8. Outcomes of first and second models

	Variable ($TRAN$) GLS Regression Equation (1):					Variable (SR) GLS Regression Equation (2):				Variable ($Corruption$) GLS Regression Equation (3):			
	Coef	**Std. Err**	**Statistic t**	**Prob**	**VIF**	**Coef**	**Std. Err**	**Statistic t**	**Prob**	**Coef**	**Std. Err**	**Statistic t**	**Prob**
CG	0.186***	0.142	13.150	0.000	1.183	0.090***	0.005	15.130	0.000	-0.223***	1.902	-11.860	0.000
lev	-0.080	0.882	-0. 906	0.366	1.083	0.017	0.039	0. 437	0.662	0.730	11.001	-0. 066	0.946
Growth	-0.005	0.017	-0.332	0.741	1.065	-0.004	0.007	-0.589	0.565	1.254	2.324	0.542	0.588
ROA	-0.732**	0.344	-2.120	0.035	1.367	-0.132	0.147	-0.896	0.371	43.293	45.088	0.960	0.338
loss	-0.049	0.045	-1.092	0.276	1.046	0.023	0.018	1.232	0.218	3.934	6.124	0.642	0.521
Cash	-0.101	0.069	-1.459	0.146	1.137	-0.053*	0.028	-1.879	0.062	55.94***	9.488	4.459	0.000
manager Knoledge	-0.028	0.039	-0.733	0.464	1.231	-0.024	0.018	-1.342	0.179	5.425	4.641	1.168	0.244
Intrnatin albranch	0.004	0.028	0.147	0.883	1.542	-0.008	0.012	-0.732	0.465	3.096	3.711	0.834	0.405
RV	-0.213	0.244	-0.872	0.384	1.871	-0.025	0.101	0.253	0.800	26.365	33.384	0.782	0.430
FH	0.609	0.490	1.228	0.223	1.678	0.035	0.206	0.174	0.862	-57.609	65.716	-0.876	0.384
NPM	-0.159	0.119	-1.320	0.186	1.076	0.047	0.050	0.932	0.352	2.759	15.898	0.173	0.862
CA	-0.063	0.094	-0.672	0.502	1.231	-0.028	0.040	-0.713	0.476	9.473	12.394	0.764	0.445
_cons	0.400	1.180	0.340	0.735	----	0.400	1.180	0.340	0.735	41.388	8.29	4.986	0.000
F Statistic	46.35(0.000)					21.96758(0.000)				13.236(0.000)			
R^2	0.556					0.629				0.506			
Adjusted R^2	0.532					0.601				0.467			
Durbin-Watson Statistic	1.596					1.734				1.774			
AIC	761.46					792.156				721.090			

The VIF values and Table 8 both indicate aren't collinear. Table 8 shows with a certainty of 99% that the CG variable has an important and beneficial effect on the TRAN because every value of the VIF is below five Since its coefficient is more than 12.941 and beneficial, and its importance value is smaller than 0.01. There is 99% confidence that the ROA controlling variable has a significant and detrimental impact based on GLS analysis. since the level of statistical significance is less than 0.001. Therefore, in accordance with the theoretical foundations, the results showed that strong corporate governance increased information transparency, and Iraqi banks with stronger corporate governance had less earning management and had higher information transparency.

In the second model the CG variable has a good and considerable impact on the SR. Since its coefficient is more than 12.941 and favorable, and its importance value is smaller than 0.01. 90% of experts believe that the Cash controlling factor has an adverse and major effect according to GLS analysis. due to the fact that its significance level is below 0.1. It is expected that corporate governance as one of the main pillars of the governance system will monitor the way of sustainability reporting in order to minimize information asymmetry between management and stakeholders and increase the value of the company. The analysis and findings of the research indicate that the characteristics of corporate governance have a significant effect on increasing the level of sustainability reporting, in other words, the evidence from the research shows the role and ability of corporate governance members in the field of providing sustainability reporting and accountability of corporate governance towards performance and behavior. Companies towards shareholders and transparency in the field of sustainability reporting disclosure

In the Third model, The math bit C corruption is negatively and significantly impacted by the CG variable. Since its coefficient is more than 12.941 and beneficial, and its significance level is smaller than 0.01. There is ninety-nine percent certainty that the Cash controlling factor has an important and beneficial impact based on GLS analysis. due to the fact that its significance level is below 0.1. Banks increase corruption in order to maximize their interests. Such distortions are mostly made in the direction of incorrect payments through tax evasion and corruption. The characteristics of corporate governance reduce corruption and ensure the rights of the government as one of the beneficiary groups.

DISCUSSION AND CONCLUSION

Corruption is viewed as an important challenge for economic and social policies in developing countries, and it can significantly impact financial policies in a variety of ways. Corruption deprives the government of revenues that could be used for development. Like an additional tax in the formal economy, it decreases the motivation of entrepreneurs to engage in productive activities while enhancing their desire to participate in unproductive and speculative activities. In addition to macroeconomic losses, corruption in government institutions induces widespread social dissatisfaction and a decline in people's trust in the government due to a decline in productivity and economic growth. It has been interpreted socially, and the struggle against corruption has been discussed to eradicate extreme poverty and lower it to three percent by 2030, and improve the income of forty percent of the poorest individuals in each nation [62].

In light of the current study's findings, corporate governance is one of the effective variables in promoting sustainable development and decreasing corruption. In other words, in line with the corporate governance indicators measured in the present study, the total number of directors, the board of directors' independence, the number of board members, and the concentration of ownership can be considered influential factors. In other words, the transparency of financial reporting can be enhanced with the aid of intra-organizational and extra-organizational guidance and control mechanisms and by striking a reasonable balance between the rights of shareholders on the one hand and the needs and authority of the board of directors on the other. In addition, the results demonstrated that environmental efficiency and health and safety management systems are affected by strong corporate governance, environmental management focus, social development commitment, and capacity. Considering that the bank has a social and legal obligation to be responsive to other sectors of the economy and society; and that it is also regarded as the support point for the social and economic development of any society, it is necessary to pay special attention to the category of corporate sustainability and that banks are one of the most important economic pillars of any country. Moreover, due to the fact that banks are one of the most important economic pillars of any country, the absence of institutional leadership and a proper structure with social responsibility is a major concern that can impose systematic risks on the economy. This study's findings are compatible with those of [35] and [63].

The board of directors and the executive board must comprehend the overall structure of the bank and how to evaluate it, and they must be directed after confirming that this structure and its constituent institutions have been authorized and are devoid of unnecessary complexity. In addition, the executive board and the board of directors should recognize the structures that impede transparency, be informed of the specific risks that such structures may entail, and attempt to reduce these risks.

It is recommended that future studies explore the role of social responsibility and lack of transparency in financial reporting at the industry level. Furthermore, the [57] model was utilized to calculate the index of lack of transparency in this study. The use of various indicators to gauge the lack of transparency and the investigation of management factors such as the CEO's ability and overconfidence or the board's experience in this regard are further suggestions for future research made by this study.

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