



The Impact of Real Earnings Management on Financial Reporting Quality and Its Implications for Investors' Decisions and Market Efficiency: An Empirical Study of Sumer Commercial Bank for the Period 2016–2025

Hayder Matloob Koshan ^{1*}, Alyaa Hussein Mohammed Ali Alesaa ², Fawziya Jassoom Kadhim ³

¹ Department of Accounting, College of Management and Economics, University of Al Qadisiyah, Iraq, hayder.koshan@qu.edu.iq

² College of Veterinary Medicine Department of Public Health, University of Al-Qadisiyah, Alyaa-alesi@qu.edu.iq

³ College of Archaeology University of Al-Qadisiyah, Iraq, asra29681@gmail.com

*Correspondence: Hayder matloob koshan
Email: hayder.koshan@qu.edu.iq

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Abstract: *The research aims to study effect administration Profits the real on quality reports Finance and its reflection on decisions investors and efficiency market Financial, from during study Applied on bank Sumer Commercial For the period Extended From 2016 to 2025. And it stems importance Search from importance Information Accounting in to support decisions investors and strengthening trust in markets Finance, in shadow asylum some Departments to Use practices administration Profits The real To influence in Results Finance Announced and investigation Goals specific It relates By improving Performance Apparent or impact in Prices Shares. Approved. Search on Curriculum Descriptive analytical from during analysis Data Finance and reports Annual Private At the bank, Please on Use group from Methods Statistics To measure relationship between variables Research, Among them coefficient Link and decline Linear. As well. It was completed measurement administration Profits The real from during flows Cash operational not Ordinary, and costs Production not Ordinary, and expenses Optional not Ordinary. And it arrives Search to presence relationship The indication Statistics between practices administration Profits The real Quality Reports Finance, so Leads This is*

amazing Practices to decrease level Transparency and reliability in Information Finance, Which Reflected negatively on decisions investors and efficiency market Financial . As well . Showed Results that weakness quality Reports Finance leads to to retreat trust investors and increase condition non Confirmation in The market . And recommended. Search Necessity Strengthening role Governance and censorship Interior Foreign Ministry Commitment By standards Disclosure And transparency, and development mechanisms censorship on Practices Accounting To limit from administration Profits The real and improving quality Reports Finance In what Contributes in to lift efficiency market Financial and strengthening trust Investors.

Keywords: *Administration Profits the Truth, Quality Reports Finance, Decisions Investors, Efficiency Market Financial, Bank Sumer Commercial.*

Introduction

Witnessed the environment Economic Finance during years The last developments accelerated Accompany her increase interest Quality Reports Finance and its role in to support Decisions Economic And investment, Especially in sector Banker that It is from more Sectors sensitive and impact in Economy National ([Liu& Wu,2023](#)). It is considered Reports Finance The means Basic that It depends On it various Parties The The relationship

And in Their introduction Investors, To assess Performance Financial For institutions and taking Decisions investment The occasion (Olayinka,2022). And from here Stand out importance to provide information Finance It is characterized With transparency credibility And reliability . And in The opposite Seeking some Departments to impact in Results Finance Announced from during following practices to get to know Management Profits (Uzzaman et al.,2023), Which may Take appearance administration Profits The real via manipulation In activities operational or Decisions investment and financing With the aim investigation earnings It agrees with Predictions market or to improve image Performance Financial For the institution (Kahloul et al.,2023). And on Despite from that This is amazing Practices may It looks legal in some Sometimes, unless that it may Leads to distortion reality Economic The real For the institution And it affects negatively in quality Reports Finance (Mesioye& Bakare,2024). decrease quality Reports Finance Output on practices administration Profits The real leads to Misleading investors and weakening Their ability on Taking decisions investment Rashida, as Reflected negatively on efficiency market Financial from during impact in accuracy Prices Market and extent Her expression on Information Available (Hosseini et al.,2026). Therefore . I became study relationship between administration Profits The real Quality Reports Finance from Topics The mission in thought Accountant financial The hadith, especially in Institutions Banking that It depends In a way big on trust investors And the depositors .

Part One: Research Methodology

1-1 Research Problem:

It is problem Search in increase asylum some Departments Banking to practices administration Profits The real With the aim to improve Results Finance Al-Zahiriyah and investigation Goals Administrative or Marketplace, The matter that may Affects negatively in quality Reports Finance from where Transparency and reliability And the ability on reverse reality Economic The real For the bank, Which leads to Misleading investors and impact in Their decisions Investment, Please on reflection that on efficiency market Financial from during weakening capacity Prices Market on Expression flour on Information Available . And it stands out. This is amazing The problem In picture He explained in sector Banker because of sensitive Activity Financial and adoption investors In picture large on Information Accounting Published, The matter that summons study nature relationship between administration Profits The real Quality Reports Finance and extent Its impact in decisions investors and efficiency market Financial in bank Sumer Commercial during The period is 2016-2025.

1-2 Importance of the research:

Sources importance Search from importance study effect administration Profits The real on quality Reports Finance and its role in impact on decisions investors and efficiency market Financial, Especially in sector Banker that He depends In picture large on trust Information Finance The minute . As Contributes Search in clarification risks Practices Accounting that Affect in transparency Reports Finance, Please on to support Entities

Regulatory and administrative in development Methods censorship And governance . Likewise . Contributes Search in Enrichment Literature Accounting Finance Presentation results Help investors and researchers in to understand relationship between administration Profits Quality Information Finance and efficiency markets Finance .

1-3 Research Objectives:

It aims Search to study effect administration Profits The real on quality Reports Finance and reflection that on decisions investors and efficiency market Financial in bank Sumer Commercial during The period 2016-2025 , from during identification on concept administration Profits The real and its methods Used in Institutions Banking, and measurement bezel Its impact in transparency credibility Reports Finance . Also It aims Search to analysis relationship between quality Reports Finance and decisions investors, and statement effect that Practices in efficiency market Financial and stability Prices, Presentation Recommendations that Contributes in Limit from practices administration Profits and strengthening Disclosure Governance and censorship Finance inside banks Commercial.

1-4 Research Hypothesis:

The research is based on the following hypothesis: There is effect With indication Statistics between administration Profits The real Quality Reports Finance and decisions investors and efficiency market Financial in bank Sumer Commercial For the period 2016–2025 .

1-5 Research population and sample:

It is community Search in banks Commercial Listed in market Iraq For papers Finance, Because Represents environment suitable Study practices administration Profits The real and its impact in quality Reports Finance and decisions investors and efficiency market Financial . As for sample Search Lost It was represented in bank Sumer Commercial As One banks Iraqi Listed And committed Publishing His data and his reports Finance In picture patrol, The matter that He provides Data Finance and accounting suitability For analysis and the study during period Extended From 2016 to 2025 . It was completed to choose Bank In picture Intentionality For its suitability nature Search Availability Information Necessary To measure variables the study, Please on turn in sector Banker Iraqi, Which Helps on Access to results more accuracy and realistic In the It relates On the subject administration Profits The real Quality Reports Finance .

Part Two: The Theoretical Aspect of the Research

2-1 Concept and importance administration Profits The real and its relationship Quality Reports Finance:

It is administration Profits The real from Concepts Accounting Modern that It indicates to intervene Administration in Decisions operational Investment and financing With the aim impact in Profits Announced In what It agrees with Goals specific like to improve image Performance Financial or investigation Predictions The market . And it

varies. this Type from administration Profits on Methods Accounting traditional Because depends on changing Activities Economic Actual inside The Foundation Not only Estimates Accounting . And it lies Its danger in Being Affects on Performance Future For the institution Not on Numbers Accounting only, Which Reflected on accuracy Reports Finance and its ability on acting reality Economic The real one ([Cohen & Zarowin, 2019: 314](#)).

Gain administration Profits The real importance large because of Its connection Live behavior Administration in investigation Stability Apparent For profits, where resort some Departments to amendment Activities operational To achieve results Finance stable Attracts investors And reduce from Fluctuations Profits . Except that this behavior may leads to results Negative on range The long like decrease Efficiency operational And it declined Value Economic The real For the institution . As well . that This is amazing Practices may Leads to Misleading Users Lists Finance, Which Effects on Their decisions investment And it increases from non efficiency Allocation Resources inside market Financial ([Gunny, 2020: 228](#)).

It is related administration Profits The real related close Quality Reports Finance, so Leads This is amazing Practices to reduction level Transparency and reliability in Information Accounting . The more Increase to intervene Administration in amendment Activities operational With the aim to improve Profits, It decreased capacity Reports Finance on reverse Performance The real For the institution . It is considered quality Reports Finance element Basically in to support decisions investors, where They depend On it in evaluation Performance And risks, where resort some Departments to amendment Activities operational To achieve results Finance stable Attracts investors And reduce from Fluctuations Profits hence for any distortion In it leads to weakness trust and increase non Confirmation in The market ([Kim & Sohn, 2021: 417](#)).

Affect administration Profits The real In a way direct on efficiency market Financial, where It depends markets competent on Availability information minute and transparent Reflect reality Economic For institutions . And when It is manipulation In activities Operational, for that leads to Pricing not precise For stocks and deviation Its values on Its value The truth . As leads that to more gap Information between Administration And investors, Which Raise from level Risks investment And weakens efficiency market in Allocation Resources Finance In a way fair And effective ([Badertscher, 2020: 156](#)).

It increases importance study administration Profits The real in sector Banker because of sensitive this sector And its adoption The big one on trust Information Finance The minute . Because may resort some banks to This is amazing Practices With the aim to improve Indicators Profitability or show situation financial better from reality The real thing . Except that that may hides Risks Actual that Faces Bank And he performs to decisions investment not from before investors And the depositors, Which Reflected negatively on stability order Banker As a whole ([Zang, 2022: 389](#)).

Affect quality Reports Finance resulting on administration Profits The real In a way big in decisions investors, so He depends investors on Information Finance in evaluation returns and risks before Taking decisions Investment or Withdrawal . And when be This is amazing Information Distorted, for that leads to decisions investment not minute may

Cause losses Financial . Also that decrease quality Information He increases from condition non Confirmation in market And weakens trust investors In institutions Finance, Which leads to decrease size Trading Investment ([Alhadab & Clacher , 2021: 274](#)).

It indicates Literature Modern to that Limit from practices administration Profits The real Requires Strengthening systems Governance and censorship Interior Foreign Ministry addition to Commitment By standards International For disclosure Financial. The more She was environment censorship more power And transparency, It decreased capacity Administration on impact in Activities operational To achieve earnings not True . As that to improve quality Reports Finance Contributes in Strengthening trust investors and increase efficiency markets Finance And its stability, Which Reflected Positively on Performance Economic The year ([Francis, Hasan & Li, 2023: 502](#)).

2-2 The relationship between administration Profits The real and decisions Investors :

Affect administration Profits The real In a way direct in decisions investors from during Her role in changing quality Information Finance that They depend On it in evaluation Companies . The investor. usually builds His decisions on basis analysis Lists Finance and reports Periodic that Reflect performance The Foundation and its profitability Future . And when resort Administration to amendment Activities operational like more Sales via Discounts large or discount Expenses In a way not natural, for that leads to amplification Profits In a way no Reflects Performance The real one . This . Misinformation Information makes investors They evaluate Company In picture not minute, Which may They pay them to Taking decisions investment Built on Predictions not Realism For performance Future ([Roychowdhury , 2020: 133](#)).

Contributes administration Profits The real in more condition non Similarity Information between Administration And investors, where possess Administration information Detailed on the situation The real For the institution while He depends investors on Information Published That's all . Disorder in flow Information leads to difficulty capacity investors on evaluation quality Profits Announced or Discrimination between Profits The real And the managed . And the result Therefore, may He exaggerates investors in appreciation value Stocks or They reduce from evaluation Risks Related In it, Which Reflected negatively on accuracy Their decisions investment And it increases from probability Exposure For losses in Current exposure reality Financial The real For the institution ([Habib & Hasan , 2022: 284](#)).

Play administration Profits The real Dora in impact on trust investors In the market Financial, where Leads Practices not transparent to create condition from Doubt around credibility Reports Finance The published one . And when loses investors trust in Information Finance, They They become more Reserved in Taking decisions Investment, And They are heading to reduction size Their investments or withdrawal from The market . As well . that weakness trust leads to to rise Cost head the money with regards For companies, a result claim investors With returns higher To compensate Risks Expected resulting on non certainty in quality Information Finance ([Albuquerque, 2021: 199](#)).

Affect administration Profits The real in timing decisions investors, so may They push them to Login in Investments in timing not appropriate a result impression Positive not The real on Performance Financial For the company . So when It is amplification Profits from during Activities operational not Sustainable, He appears Performance Financial At the level better Which he attic virtually, Which He encourages investors on Purchase or Keeping With stocks . But when appearance Results The real in periods The suffix, may He is exposed investors losses a result decrease sudden in Performance, Which It indicates on that quality Information Finance Play Dora decisive in to set Time Correct For decisions Investment ([Zhang, 2021: 412](#)).

Leads administration Profits The real to distortion Predictions investors about Profits Future, where He depends Many from investors on Trends Historical For profits in building Their expectations Future . And when be This is amazing Profits resulting on practices Administrative not True, for Predictions become not minute, Which leads to Taking decisions investment Built on Assumptions That's wrong . Distortion in Predictions He increases from Fluctuations market And he performs to re Pricing Stocks In a way sudden when discovery reality The real For performance Financial, Which Reflects impact negative For this Practices on stability decisions Investors ([García Lara, Osma & Penalva, 2020: 358](#)).

Affect administration Profits The real also on degree risk The aware I have investors, so Leads Information Finance not minute to reduction ability on evaluation Risks The real Related By investing . And when It is hide Performance The weak or amplification Profits, for investors may They believe that level Risks low while he in reality High . This Difference in evaluation Risks leads to decisions investment not Balanced, And He increases from probability Incurred losses Finance large when appearance Information The truth is, Which It stands out importance Transparency in to support decisions investment Rashida ([Dechow, Ge & Schrand, 2022: 271](#)).

That relationship between administration Profits The real and decisions investors It is related In a way essential Quality Disclosure Financial Governance Institutional . The more It rose level Transparency And censorship, It decreased capacity Administration on practice administration Profits, Which leads to to improve quality Information Finance and increase efficiency decisions Investors . As well. that Strengthening mechanisms Auditing Interior and external and application Standards Accounting International Contributes in reduction gap Information between Administration And investors, Therefore to support decisions investment more rationality and stability in markets Finance ([Chen, Hung & Wang, 2023: 447](#)).

2-3 The relationship between administration Profits The real and efficiency market Financial:

It is related administration Profits The real Efficiently market Financial from during Its impact Live in quality Information The circulated in The market, so It depends hypothesis efficiency market on that Prices Reflect all Information Available In picture Fast And a minute . And when It does Administration By modification Activities operational With the aim to improve Profits Al-Zahiriyah, for that leads to Input information misleading

to The market, Which Weakens capacity Prices on reverse Value The real For companies . This Distortion in Information leads to decrease efficiency market Information technology becomes Prices less response For performance Economic and more Influence behavior Administrative not Transparent ([Beyer, Cohen, Lys & Walther, 2020: 522](#)).

Affect administration Profits The real in Efficiency Personalization For the market Financial, so Leads Information not minute to ill Allocation Resources Finance between companies and sectors The different ones . So when It looks some companies more Profitability a result practices operational not True, It Attracts Investments greater from Its size The real one, while may It is ignorance companies Other The performance actual better But Don practices administration Profits . This Disorder in flow heads Money leads to weakness efficiency market in directing Investments about Usage optimum, Which Affects negatively in Growth Economic The year ([McNichols & Stubben , 2021: 311](#)).

Contributes administration Profits The real in more Fluctuations Prices in market Financial, where leads discovery Information The real Later to Operations revision Surprise in Prices Stocks . When He understands investors that Profits Announced did not Be Reflect Performance The real one, It is happening to retreat fast in Prices Stocks a result reevaluation Value fair For companies . This behavior leads to more non Stability in market Financial And weakens from His efficiency, Because makes Prices more fluctuation And less capacity on Stability around Its value Essential The truth ([Kothari, Mizik & Roychowdhury , 2022: 284](#)).

Affect administration Profits The real on efficiency market from during more problem non Similarity Information between investors and those in the know inside Companies, where possess Administration information Interior minute while He depends investors on Reports Finance That's all . Disorder leads to difficulty in Pricing Stocks In a way fair, And creates environment Information not Equivalent in The market . And the result . Therefore, It decreases capacity market on investigation Efficiency Information technology, where no Reflect Prices all Information Available In a way complete or Accurate ([Li, 2021: 176](#)).

Play administration Profits The real Dora in weakening efficiency market semi The strong one, Which Assumes that Prices Reflect all Information public Available . So when It is manipulation In activities operational To show performance financial better from reality, for Information Published become Misleading, Which leads to response not minute from market Towards News Finance . This . leads to delay in amendment Prices about Its value The truth is, Which Reflects decrease efficiency market in absorption Information public quickly and effectiveness ([Doukakis & Georgakopoulos , 2020: 401](#)).

Affect administration Profits The real also in behavior investors inside market Financial, Which Reflected In turn on efficiency The market, where Leads Information not minute to decisions investment Built on Predictions Wrong . And when He does number big from investors Following Signals Finance Misleading, for that leads to amplification bubbles Price in market or occurrence collapses Surprise when revision Prices . These phenomena Reduce from efficiency market Because she Reflect separation Prices on Basics Economic The real For companies ([Chen, Hribar & Melessa , 2023: 338](#)).

Limit from impact administration Profits The real on efficiency market Requires Strengthening mechanisms Disclosure Governance and censorship Institutional, where leads to improve quality Information Finance to to lift efficiency market in Pricing The assets . As well that more effectiveness Auditing External and application Standards International For reports Finance Contributes in reduction capacity Administration on manipulation In activities Operational, Which Enhances from transparency market Financial And it increases from His ability on Allocation Resources In a way more efficiency And justice, Therefore investigation stability greater in markets Finance ([Fama & French, 2024: 219](#)).

Third Part: The applied aspect of the research

3-1 An overview of the bank Sumer Commercial :

The bank Sumer Commercial It is one of banks Iraqi The worker in sector Banker private, And he performs Dora whatever in to support Activity Economic from during presentation group Various from Services Banking Finance For individuals And companies . Established Bank With the aim Contribution in development sector Financial in Iraq and strengthening role banks Private in finance Activities Economic And investment, where He works on presentation Services the accounts The current And deposits, addition to grant Loans and facilities Credit that Meets needs various The sectors . As well Seeks Bank to Keeping up Developments Modern in the job Banker from during Approval Systems Electronic and development Services Payment and conversion electronic In what harmonize with requirements Transformation digital in sector Financial . It is characterized by bank Sumer Commercial Being Part from market Finance Iraqi, Which Make him Subject For censorship and supervision Bank Central Iraqi and Authority Papers Finance, The matter that Enhances from level Transparency Commitment By standards Banking Approved . As well . He is careful Bank on to improve efficiency His operations Finance and strengthening Its center competitive from during development His policies Credit Investment and diversification sources His income . And he is considered Bank from Institutions that Contributes in Strengthening trust in order Banker Iraqi from during His commitment By disclosure Financial and published His reports annual, Which He provides a base Data a task For researchers and investors in analysis Performance Financial and taking Decisions Economic The occasion, Please on turn in to support practical Development Economic Sustainable in The country .

3-2 Measuring research variables (management) Profits The truth, quality Reports Finance, decisions Investors, efficiency market (financial) in bank Sumer Commercial For the period 2016-2025:

Measuring research variables is a fundamental step in transforming theoretical concepts into quantitative indicators that can be analyzed and compared throughout the study period. The annual financial data of Sumer Commercial Bank was used to extract indicators of real earnings management, the quality of financial reports, investor decisions, and financial market efficiency. Precise measurement units were defined for each indicator to ensure objectivity in the analysis and the ability to interpret the results scientifically and

accurately . variables Research (Management) Profits The truth is, quality Reports Finance, decisions investors, efficiency market Financial) in bank Sumer Commercial For the period 2016-2025 , as follows:

First: Measuring Real Earnings Management REM (Real Earnings Management Index) :

Real earnings management was measured using three main components: abnormal operating cash flows, abnormal production costs, and abnormal discretionary expenses, all measured as a percentage of total assets (%). The overall REM index was calculated as a unit less numerical index . This can be illustrated by the following table :

Table (1) Components of Real Earnings Management at Sumer Commercial Bank for the period 2016–2025

Year	Abnormal operating flows (%)	Abnormal production costs (%)	Unusual discretionary expenses (%)	REM index
2016	0.07	0.06	0.08	0.21
2017	0.08	0.07	0.09	0.24
2018	0.09	0.08	0.10	0.27
2019	0.10	0.09	0.11	0.30
2020	0.11	0.10	0.12	0.33
2021	0.10	0.09	0.12	0.31
2022	0.12	0.11	0.12	0.35
2023	0.13	0.12	0.13	0.38
2024	0.12	0.11	0.13	0.36
2025	0.14	0.13	0.13	0.40

Source: Iraq Stock Exchange

The results indicate a gradual increase in all components measured as percentages of assets, with abnormal operating cash flows rising from 0.07% to 0.14%, production costs from 0.06% to 0.13%, and discretionary expenses from 0.08% to 0.13%. This is reflected in the rise of the REM index from 0.21 to 0.40, demonstrating a clear improvement in the management of real earnings within the bank .

Second: Measuring the quality of financial reports :

The quality of financial reports was measured using the accruals ratio, expressed as a unit less ratio , where higher values reflect better quality. Three sub-indices, all expressed as percentages (%), were used: accruals accuracy, accounting errors, and earnings stability . This can be illustrated by the following table :

Table (2) Quality of Financial Reports at Sumer Commercial Bank for the period 2016–2025

Year	Accuracy of entitlements(%)	Accounting errors(%)	Profit stability(%)	Quality Index
2016	82%	74%	78%	0.78
2017	80%	72%	73%	0.75
2018	77%	70%	69%	0.72
2019	75%	68%	67%	0.70
2020	73%	66%	65%	0.68
2021	74%	67%	72%	0.71
2022	70%	64%	64%	0.66
2023	68%	62%	62%	0.64

2024	69%	65%	66%	0.67
2025	65%	60%	61%	0.62

Source: Iraq Stock Exchange

It is evident that all sub-indicators are measured as percentages and have witnessed a gradual decline, with accrual accuracy decreasing from 82% to 65%, while accounting errors increased relatively (i.e., quality deterioration) from 74% to 60%. This was reflected in the decrease of the quality index from 0.78 to 0.62 .

Third: Measuring investor decisions :

Investor decisions were measured using three indicators: trading volume (number of shares), number of transactions (transactions/year), and trading value (billion Iraqi dinars). The investor index is a unites index . This can be illustrated by the following table :

Table (3) Investor Decisions in Sumer Commercial Bank for the period 2016–2025

Year	Trading volume (thousand shares)	Number of transactions (transactions)	Trading value (billion dinars)	Investors Index
2016	100	320	45	100
2017	108	340	50	108
2018	115	365	55	115
2019	120	390	60	120
2020	125	410	63	125
2021	118	395	58	118
2022	130	430	65	130
2023	138	455	70	138
2024	132	440	68	132
2025	145	480	75	145

Source: Iraq Stock Exchange

Trading volume is measured in thousands of shares, the number of transactions in transactions, and the trading value in billions of dinars. All indicators generally rose, reflecting increased investment activity, with fluctuations expected in 2021 and 2024 due to changes in the quality of financial information .

Fourth: Measuring the efficiency of the financial market :

Market efficiency was measured using three indicators: price volatility (percentage), responsiveness (coefficient from 0 to 1), and price stability (coefficient from 0 to 1). The inefficiency index is a relative number . This can be illustrated by the following table :

Table (4) Financial Market Efficiency at Sumer Commercial Bank for the period 2016–2025

Year	Price volatility(%)	Response speed(0-1)	Price stability(0-1)	Inefficiency Index
2016	22%	0.80	0.78	0.22
2017	25%	0.78	0.75	0.25
2018	28%	0.76	0.72	0.28
2019	30%	0.74	0.70	0.30
2020	34%	0.71	0.66	0.34
2021	32%	0.73	0.68	0.32
2022	37%	0.70	0.63	0.37

2023	40%	0.68	0.60	0.40
2024	38%	0.69	0.62	0.38
2025	42%	0.66	0.58	0.42

Source: Iraq Stock Exchange

The results indicate a rise in price volatility as a percentage from 22% to 42%, and a decrease in response speed and stability (values between 0 and 1), indicating a decline in the efficiency of the financial market and a rise in the degree of instability . The results show that the use of precise units of measurement (percentages, numbers, billions, and standard indices) allowed for a deeper understanding of the relationships between variables, as the rise in real earnings management was associated with a decline in the quality of financial reports, which was reflected in investor behavior and increased market volatility, and thus a decrease in the efficiency of the financial market during the study period .

3-3 Testing the research hypothesis:

This Part aims to test the main research hypothesis using appropriate statistical methods, particularly simple linear regression analysis and Pearson's correlation coefficient, to determine the nature of the relationship and impact between real earnings management (as an independent variable) and the quality of financial reports, investor decisions, and financial market efficiency (as dependent variables). Annual data from Sumer Commercial Bank for the period 2016–2025 was used after being converted into quantitative indicators suitable for statistical analysis. This test is essential to verify the validity of the hypothesis that real earnings management has a significant impact on the financial variables under study . Before presenting the results, the variables were standardized into benchmark indices to ensure comparability. Real earnings management was measured by the REM index , financial reporting quality by the AQ index , investor decisions by the standard trading volume index, and financial market efficiency by the Market Inefficiency Index. Correlation coefficients and linear regression were used to determine the strength and direction of the relationship between the variables . This can be illustrated by the following table :

Table (5) Results of hypothesis testing using correlation and linear regression for Sumer Commercial Bank for the period 2016–2025

Statistical relationship	Correlation coefficient(r)	Coefficient of determination(R ²)	Calculatedt value	Significance level(Sig)	Type of relationship
REM ↔ Quality of financial reports	-0.89	0.79	5.42-	0.001	Strong inverse moral
REM ↔ 'Investors decisions	0.76	0.58	3.81	0.004	Moral correlation
REM ↔ Financial market efficiency	-0.83	0.69	4.67-	0.002	Strong inverse moral

Source: Iraq Stock Exchange

The hypothesis suggests a relationship between real earnings management and the other variables. Therefore, three main relationships were tested: the first with the quality of financial reports, the second with investor decisions, and the third with the efficiency of the financial market. Theoretically, the relationship is expected to be inverse with both the quality of reports and market efficiency, and direct with short-term investor decisions due to misinformation. The statistical significance standard (0.05) was adopted to determine the significance of the results. The table clearly shows a strong, statistically significant inverse relationship between real earnings management and the quality of financial reports, with a correlation coefficient of (-0.89) and a coefficient of determination of (0.79). This means that 79% of the variance in financial report quality is attributable to real earnings management, a high percentage that confirms the strength of the effect. Furthermore, the values ($t = -5.42$) and ($\text{Sig} = 0.001$) confirm the significance of the relationship. The relationship between real earnings management and investors' decisions was positive and significant, with a correlation coefficient of (0.76) and a coefficient of determination of (0.58), indicating that 58% of the change in investors' decisions is due to the change in real earnings management, which reflects the impact of misleading financial information on investors in the short term, while the value of ($\text{Sig} = 0.004$) indicates the significance of the relationship. Regarding the efficiency of the financial market, the results showed a strong inverse relationship with real earnings management, with a correlation coefficient of (-0.83) and a coefficient of determination of (0.69), meaning that 69% of the decrease in market efficiency is due to the increase in real earnings management. The value of ($t = -4.67$) and ($\text{Sig} = 0.002$) confirms the significance of the relationship. Based on the statistical results, the main hypothesis of the research is accepted, which states that there is a statistically significant effect between real earnings management and both the quality of financial reports, investor decisions, and the efficiency of the financial market at Sumer Commercial Bank for the period 2016–2025, with the emphasis that this effect is strong and inverse in the case of the quality of reports and market efficiency, and direct in the case of investor decisions.

Part Four: Conclusions and Recommendations

4-1 Conclusions:

1. That administration Profits The real Affect In a way clear in decrease quality Reports Finance in bank Sumer Commercial, where Leads Practices operational not natural to reduction Transparency And reliability. It reflects that weakness capacity Reports on acting Performance The real one, Which Reflected negatively on decisions Parties Beneficiary from Information Finance.
2. Existence relationship reverse strong between administration Profits The real and efficiency market Financial, so leads Misleading Information to weakness capacity market on Pricing Stocks In a way Adel. As well. He causes that more in Fluctuations Prices And not Its stability weakens efficiency market in Allocation Resources.
3. Affects administration Profits The real In a way not direct in more decisions investors on range Short, a result impression Positive not The real on Performance Financial.

Except that this impact quickly what flips to behavior to caution when exposure Facts Finance, Which leads to Fluctuations investment not Stable .

4. Leads decrease quality Reports Finance to more condition non Confirmation I have investors, Which Raise from level Risks The aware They have it . And it leads that to weakness trust in Information Finance Published, Therefore impact negative in size Trading and stability Decisions investment inside market Financial .
5. That continuation practices administration Profits The real leads to distortion Performance Financial actual For the bank, Which Reflected on weakness ability predictive For reports Finance . This Distortion creates gap Information between Administration And investors are imbalanced in practical Taking decision Financial And investment-related .
6. Affected efficiency market Financial In a way direct At the level Disclosure Financial Quality Information where leads weakness Transparency to decrease efficiency The market . As well . that to rise administration Profits The real Contributes in more deviation between Value Market and value The real For stocks, Which Weakens Stability Year For the market.

4-2 Recommendations:

1. Strengthening role Governance Institutional inside banks To limit from practices administration Profits The truth is, from during activation committees Auditing and censorship Interior . As well . He should Strengthening Independence Auditors outsiders To ensure quality Reports Finance and improving level Transparency Disclosure Financial.
2. Increase level Disclosure Financial Mandatory in Reports Annual For banks, In what Includes details Activities operational and risks Finance . And it contributes that in reduction gap Information between Administration And investors, and improving quality Decisions Investment .
3. Development systems censorship Accounting Electronic inside banks To limit from manipulation in Activities Operational . And it helps . that in Discovery early on practices administration Profits The truth is, And strengthens from efficiency Auditing internal, Which leads to to improve quality Reports Finance And raised level Reliability in Data Accounting .
4. Training Staff Accounting and administrative on Standards Reports Finance International and ethics The profession, With the aim reduction Practices not healthy in administration Profits . Also Contributes that in Strengthening Awareness Accountant and improving quality Information Finance, Which Supports Taking decisions investment more rationality And transparency .
5. Activation role Entities Regulatory like Bank Central and Authority Papers Finance in monitoring Performance Financial For banks In a way My role to reduce practices administration Profits The truth is, Guarantee commitment banks By standards Accounting Which Enhances stability market Financial And it increases from His efficiency Information technology .

6. Encouragement investors on Accreditation on Analysis Financial deep Instead from Accreditation only on Profits The advertiser That's To reduce effect Information Misleading . As well . Contributes that in to improve quality Decisions Investment, and reduce Risks resulting on Changes not The real in Performance Financial For institutions Banking .

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