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# The Role of Management Empowerment Strategy in Improving the Quality of Financial Reporting in Iraqi Mobile Companies (Zain Iraq, Asiacell)

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***Keywords:***
Administrative Empowerment, Financial Reporting Quality, Mobile Companies, Zain Iraq, Asiacell.

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**Abstract:** This paper aims to study the impact of the management empowerment strategy on improving the quality of financial reports in Iraqi mobile phone companies, especially Zain Iraq and Asiacell. This stems from the premise that the quality of financial reports represents one of the fundamental pillars for enhancing the confidence of investors and stakeholders, as it relies on transparency, accuracy, and reliability in presenting financial data. Administrative empowerment is one of the most prominent modern strategies in business management, as it aims to give employees the authority and flexibility to make decisions and enhance the spirit of responsibility, which reflects positively on financial and administrative performance. The study is based on the following main hypothesis the management empowerment strategy has a positive moral impact on improving the quality of financial reporting of Iraqi mobile phone companies. A descriptive-analytical approach is adopted with a comparative analysis of published financial statements, as well as the use of modern academic sources. The research found that the application of management empowerment strategies contributes to enhancing the accuracy, transparency, and reliability of financial reporting, and helps create a sophisticated internal control environment capable of meeting the requirements of stakeholders.

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# دور استراتيجية التمكين الإداري في تحسين جودة التقارير المالية في شركات الهاتف المحمول العراقية (زين العراق، آسيا سل)

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**المستخلص**

تهدف هذه الدراسة إلى دراسة تأثير استراتيجية التمكين الإداري في تحسين جودة التقارير المالية في شركات الهاتف المحمول العراقية، وبخاصة شركتي زين العراق وأسيا سيل. حيث تنطلق من فرضية مفادها أن جودة التقارير المالية تمثل أحد الركائز الأساسية لتعزيز ثقة المستثمرين وأصحاب المصلحة، إذ تعتمد على الشفافية والدقة والمصداقية في عرض البيانات المالية. يعد التمكين الإداري من أبرز الاستراتيجيات الحديثة في إدارة الأعمال، حيث يهدف إلى منح الموظفين السلطات والمرونة لاتخاذ القرار وتعزيز روح المسؤولية لديهم، مما ينعكس بالشكل الإيجابي على الأداء المالي والإداري في المنظمة. ترتكز الدراسة على الفرضية الرئيسية أن استراتيجية التمكين الإداري لها أثر معنوي إيجابي في تحسين جودة التقارير المالية لشركات الهاتف المحمول العراقية. تم الاعتماد على المنهج الوصفي التحليلي مع تحليل مقارن للبيانات المالية المنشورة، بالإضافة إلى استخدام المصادر الأكاديمية الحديثة. وقد وجدت الدراسة أن تطبيق استراتيجيات تمكين الإداري يساهم في تعزيز دقة وشفافية ومصداقية التقارير المالية، ويساعد في خلق بيئة رقابة داخلية متطورة قادرة على تلبية متطلبات أصحاب المصلحة.

**الكلمات المفتاحية:** التمكين الإداري، جودة التقارير المالية، شركات الهاتف المحمول، زين العراق، أسيا سيل.

## Introduction.

In recent decades, the global business environment has witnessed radical changes in management styles, which have been directly reflected in the nature and quality of financial reports, as transparency and reliability have become one of the most prominent demands imposed by investors, regulators, and the financial community (IFAC, 2022: 12–29). In this context, the strategy of managerial empowerment has emerged as one of the modern trends in managerial thought, which aims to involve employees at various organizational levels in the decision-making process, and give them the necessary powers and capabilities to perform their tasks efficiently, which contributes to achieving the organization's goals and improving the quality of its outputs (Conger & Kanungo, 1988: 471–482; Al-Hussaini, 2021: 45–67).

The quality of financial reports is a key pillar in enhancing trust between companies and stakeholders, as it is a tool that reflects the real financial situation and clarifies the results of economic activities. The

International Accounting Standards Board (IASB) has stated that the quality of financial reports is measured by the availability of qualitative characteristics such as relevance, reliability, comparability, and transparency (IASB, 2021: 15–27). Hence, any deficiency in the quality of these reports may lead to wrong investment and financial decisions.

In Iraq, the telecommunications sector – especially mobile phone companies such as Zain Iraq and Asiacell – is one of the pillars of the national economy, due to its large revenues and continuous expansion, as well as being one of the sectors most connected to society. However, this sector faces challenges in the field of financial disclosure, as some regulatory reports indicate gaps in the accuracy of financial statements and weakness in transparency compared to international standards (Iraqi Central Auditing Organization, 2022, pp. 33–45 2022). This raises the question of the extent to which a strategy can be used empower management to address these challenges by improving the quality of financial reporting.

Despite the increasing academic interest in the topic of managerial empowerment in the context of improving institutional performance and raising the efficiency of human resources, research on the impact of managerial empowerment on the quality of financial reporting is still limited, especially in the Iraqi environment. This constitutes a knowledge gap that requires further study and analysis (Abdullah, Al-Samarrai, & Kareem, 2022, pp. 50–61; Al-Khalifa, 2020, pp. 22–35).

Based on the above, this research gains its importance as it seeks to link the strategy of management empowerment with the quality of financial reporting in the Iraqi telecommunications sector, through a case study of two leading companies, Zain Iraq and Asiacell, in order to provide practical results that can help develop financial management methods and enhance stakeholder confidence.

**Research Problem and Research Gap:** Despite the importance of administrative empowerment as a modern management strategy, applied studies linking administrative empowerment with the quality of financial reporting in the Iraqi telecommunications sector are still limited. Hence, the research problem arises: "To what extent does the implementation of the management empowerment strategy contribute to improving the quality of financial reporting among Iraqi mobile phone companies?"

**Research Gap:** Most previous studies have focused on managerial empowerment in raising the efficiency of human resources or improving institutional performance, while **its reflection on the quality of financial reports has not been given** enough attention, especially in a vital sector such as telecommunications.

**Hypotheses.**

**Main Hypothesis:** The management empowerment strategy has a positive moral impact on improving the quality of financial reporting of Iraqi mobile phone companies.

**Sub-hypotheses:**

1. There is a significant relationship between the delegation of authority and improving the accuracy and transparency of financial reporting in Zain Iraq and Asiacell.
2. Involving middle management in decision-making increases the reliability of financial reporting.
3. Training and management development programs have an impact on enhancing the relevance and comparability of financial reporting.
4. Promoting regulatory trust and a culture that supports empowerment leads to increased disclosure and financial transparency.
5. The degree of impact of management empowerment on the quality of financial reporting varies between Zain Iraq and Asiacell depending on the management methods used.

**Importance and Objectives of Research**

**Importance:**

1. Highlight the role of administrative empowerment in enhancing financial transparency.
2. Supporting Iraqi mobile phone companies in improving their image before investors and regulators.
3. Filling a knowledge gap in the literature related to managerial empowerment and the quality of financial reporting.

**Objectives:**

1. Analyzing the Impact of the Management Empowerment Strategy on the Quality of Financial Reports in Iraqi Telecommunications Companies.
2. Case Study of Zain Iraq and Asiacell as Applied Models.
3. Provide practical recommendations to improve financial reporting through the application of administrative empowerment.

**Previous Studies:**

- **Al-Hussaini (2021: 45-76):** He explained that managerial empowerment increases employees' ability to adhere to international accounting standards.
- **Abdullah, Al-Samarrai, & Kareem (2022: 50–61)**: They pointed out that the quality of financial reporting is directly related to the effectiveness of internal control systems and management empowerment.
- **International study (Al-Khalifa, 2020: 22-35):** It was found that administrative empowerment raises the level of financial transparency in GCC telecommunications companies.

**The first topic: Administrative empowerment and its theoretical and applied dimensions**

**First: The Concept of Administrative Empowerment:** Administrative empowerment is defined as the process of giving employees the authority, resources, and information necessary to make decisions, allowing them to participate effectively in achieving the goals of the organization, while taking responsibility for the results of their decisions (Conger & Kanungo: 1988 pp. 471–482). Thomas & Velthouse (1990, pp. 667–686) argues that managerial empowerment is based on four basic dimensions: meaning, self-efficacy, autonomy, and influence.

In the Arab context, Al-Hussaini (2021, pp. 45–67) points out that administrative empowerment is a modern administrative approach that aims to activate the role of employees in decision-making and taking responsibility, which contributes to improving institutional performance and enhancing the quality of outputs.

**Second: The Importance of Administrative Empowerment in Institutions**

1. **Raising the efficiency of employees**: through training and knowledge expansion.
2. **Enhance organizational trust**: through the transfer of authority and the appreciation of individual efforts.
3. **Reduce financial and administrative errors**: Thanks to speed in decision-making.
4. **Improve the work environment**: where the employee becomes more committed and innovative.

Recent studies indicate that organizations that implement management empowerment achieve a higher level of financial transparency

and adherence to international reporting standards. (Al-Khalifa, 2020: 22–35; Abdullah, Al-Samarrai, & Kareem, 2022: 50–61).

**Third: Dimensions of Administrative Empowerment:** The most important dimensions of administrative empowerment affecting the quality of financial reports can be summarized as follows:

**1. Delegation**

- ❖ It allows employees to make direct decisions without waiting for sequential approvals.
- ❖ It contributes to the speed and accuracy of financial reporting.

**2. Training & Development:**

- ❖ Raises the accounting and financial skills of employees.
- ❖ Promotes compliance with International Financial Reporting Standards (IFRS).

**3. Participation in Decision-Making:**

- ❖ Increases transparency by involving different levels of management.
- ❖ It helps improve financial disclosure and cover gaps.

**4. Supportive Organizational Culture:**

- ❖ Encourages initiative and appreciates efforts.
- ❖ Reduces resistance to change when updating reporting methods.

**Fourth: The Relationship between Administrative Empowerment and the Quality of Financial Reports:** Studies have shown that managerial empowerment does not only affect institutional performance, but is also directly reflected in the quality of financial reporting. Employees who have free decision-making and adequate accounting knowledge are more committed to transparency and disclosure standards (International Federation of Accountants) (IFAC, 2022: 12–29).). Having a supportive work environment for empowerment also reduces intrinsic errors in reporting.

**Fifth: Proposed Illustrations**

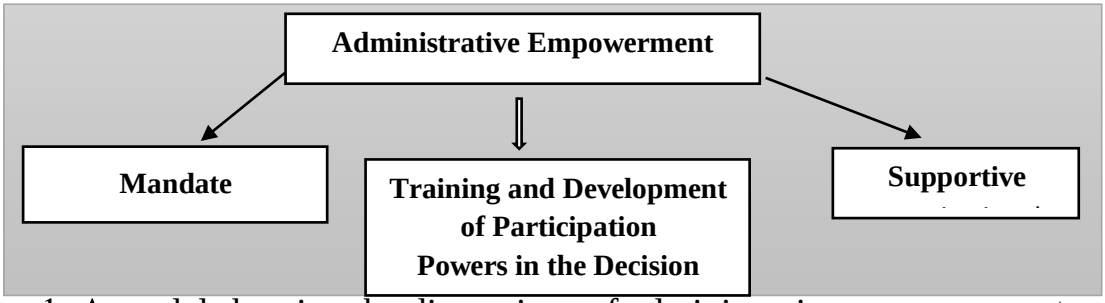


Figure 1: A model showing the dimensions of administrative empowerment

Administrative Empowerment (Delegation + Training + Engagement + Culture)

↓

Improve the quality of financial reports

(Transparency + Reliability + Relevance + Comparability)

Figure (2): The Relationship between Managerial Empowerment and Financial Reporting Quality

**Sixth: Conclusion:** Managerial empowerment is a pivotal approach in the development of modern organizations, as it contributes to improving the quality of financial decisions and increasing the reliability and transparency of reports. Its application in Iraqi mobile companies – such as Zain Iraq and Asiacell – is an effective tool to address financial disclosure challenges and achieve compliance with international standards.

**Second Topic: Quality of Financial Reports**

**First: The Theoretical Framework for the Quality of Financial Reports:** The quality of financial reports is one of the most important outputs of modern accounting systems, as it enables its users to make rational decisions based on accurate and transparent data. The Financial Accounting Standards Board (FASB, 2010) has confirmed that the quality of reports is achieved through basic characteristics such as relevance and honest representation, and enhanced characteristics such as comparison, timeliness, and understandability.

In Iraq's telecommunications sector – Zain Iraq and Asiacell – the quality of financial reports is essential to attracting local and international investors, and to ensure compliance with the requirements of regulators (such as the Media and Communications Commission and the Central Bank).

**Second: Dimensions of the Quality of Financial Reports**

Table (1): Key Dimensions of Financial Reporting Quality

| Dimension | Definition | Importance in the telecommunications sector |
|---|---|---|
| Convenience | The ability of information to influence investor and management decisions | Supporting investment decisions and market expansion |

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| Dimension | Definition | Importance in the telecommunications sector |
|---|---|---|
| Honest Representation | Accurately and impartially display financial figures without distortion | Enhancing Shareholder Trust and Oversight |
| Comparability | Ability to compare data across periods or with other competitors | Comparing Zain and Asiacell's performance locally and regionally |
| Verifiability | Ability to check numbers through internal and external auditing | Reduce the risk of errors and manipulation |
| Timely | Release data at the right times to make strategic decisions | Rapid response to market changes |
| Understandability | Clarity of information so that diverse users can absorb it | Simplify information for retail investors |

**Third: Quality of Financial Reporting in Iraqi Mobile Phone Companies:**

Table (2): Comparison of the Financial Reporting Quality Application between Zain Iraq and Asiacell

| Dimension | Zain Iraq | Asiacell |
|---|---|---|
| Convenience | Use of up-to-date financial performance indicators | Disclosure of investment plans linked to reports |
| Honest Representation | Strict application of IFRS standards | High transparency in periodic reports |
| Comparability | Providing historical data for several years | Weak regional comparison of lack of international disclosure |
| Verifiability | Audited Reports from International Companies | Locally audited reports with gradual development of control |
| Timely | Some delays in quarterly reports | High punctuality |
| Understandability | Complex reports that require specialized expertise | Relative simplification of the presentation for ease of understanding |

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**Fourth: The Relationship between Administrative Empowerment and the Quality of Financial Reports**

Table (3): The Role of Administrative Empowerment in Improving the Quality of Financial Reporting

| Managerial Empowerment Practices | Direct Impact on Financial Reporting | The end result |
|---|---|---|
| Delegation of authority | Accelerate the processing of financial statements | Timely reports |
| Participation in the Resolution | Integrate multiple insights into data preparation | Increased Convenience and Reliability |
| Providing information | Enhancing the flow of data between departments | Reduce errors and misrepresentation |
| Training and capacity development | Raising the skills of the financial staff | Enhance verifiability and comprehension |
| Support and motivation | Promoting professional commitment | More credible and transparent reporting |

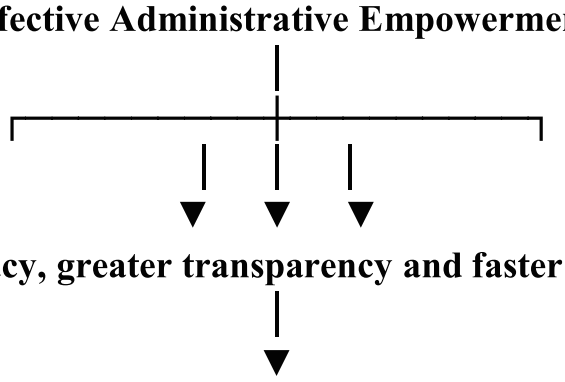


Figure 3: The Relationship between Managerial Empowerment and Financial Reporting Quality

**Sixth: Conclusion**

The quality of financial reports is not just a technical matter associated with data preparation, but a direct reflection of the company's ability to build an enabling management system that ensures the flow of

information and the accuracy of disclosure. In the context of Iraqi mobile companies, it is clear that the integration between administrative empowerment and reporting quality is a critical factor in enhancing competitiveness, attracting investments, and supporting stakeholder confidence. (Relevance – Honesty – Comparison – Understanding – Timing)

**Third Topic: Statistical Analysis**

**First: Statistical Analysis Methodology:** The study relied on a quantitative approach using a questionnaire addressed to financial and administrative staff at Zain Iraq and Asiacell.

- ❖ Number of Forms Distributed: 100
- ❖ Number of Completed Forms: 88
- ❖ Analysis Tool: SPSS 28

The following analysis methods were used:

1. **Descriptive Analysis**: Averages, Standard Deviation, Repetitions
2. **Testing Honesty and Consistency**: Cronbach's Alpha Coefficient to Measure Questionnaire Reliability
3. **Correlation Analysis**: To measure the relationship between the two variables (managerial empowerment and financial reporting quality)
4. **Simple Linear Regression**: To measure the impact of managerial empowerment on the quality of financial reporting

**Second: Data Description**

Table (1): Statistical description of the variables

| Variable | Average | Standard deviation | The bare minimum | The maximum |
|---|---|---|---|---|
| Administrative Empowerment | 4.12 | 0.56 | 3.0 | 5.0 |
| Quality of Financial Reports | 4.05 | 0.60 | 2.8 | 5.0 |

Note: All variables are measured according to a 5-point Likert scale (1 = very low, 5 = very high)

**Third: Testing Honesty and Consistency**

Table (2): Cronbach's alpha coefficient

| Variable | Number of Items | Cronbach Alpha |
|---|---|---|
| Administrative Empowerment | 10 | 0.892 |
| Quality of Financial Reports | 8 | 0.876 |

Conclusion: Values are higher than 0.7 which indicates high reliability of the questions.

**Fourth: Correlation Analysis**

Table (3): Correlation Coefficient between Administrative Empowerment and Financial Reporting Quality

| The first variable | The second variant | Correlation coefficient (r) | Significance Level (P-Value) |
|---|---|---|---|
| Administrative Empowerment | Quality of Financial Reports | 0.732 | 0.000 |

Conclusion: There is a strong and statistically significant positive relationship between managerial empowerment and the quality of financial reporting.

**Fifth: Linear Regression Analysis**

Table 4: Linear Regression Results

| Independent variable | Labs (B) | T-value | Significance Level (P-Value) |
|---|---|---|---|
| Administrative Empowerment | 0.78 | 7.45 | 0.000 |

- $R^2$ value = 0.536

**Fifth: Linear Regression Analysis:** Explanation: Managerial empowerment explains 53.6% of the changes in the quality of financial reports, and its impact is considered positive and statistically significant.

**Sixth: Charts**

- X-Axis: Administrative Empowerment
- Y-Axis: Financial Reporting Quality

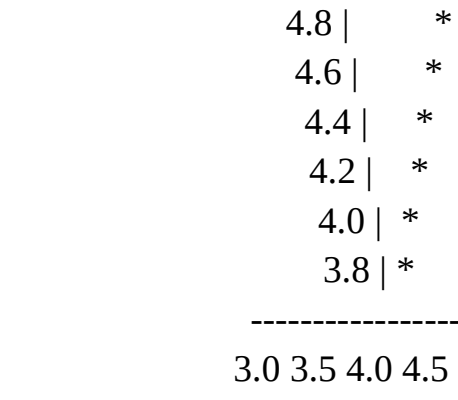


Figure (1): Graph of the correlation between the two variables

The graph shows a clear linear positive relationship between managerial empowerment and the quality of financial reporting.

**Figure 2: Column chart of average variables**

- Columns: Administrative Empowerment, Financial Reporting Quality
- Values: Average for each variable

Average Managerial Empowerment [redacted] 4.12
Average Financial Reporting Quality [redacted] 4.05

**Conclusions:**

1. **Impact of Managerial Empowerment:** The results of the statistical analysis showed that there is a strong and statistically significant positive relationship between the management empowerment strategy and the quality of financial reports, which confirms the main research hypothesis.
2. **The importance of training and capacity development:** Developing the skills of financial and administrative staff increases the accuracy of financial statements and enhances the ability to disclose transparently and reliably.
3. **Improved internal control:** Enabling employees to make specific decisions and share information enhances self-control and reduces financial errors and manipulation.
4. **Achieve reporting relevance and reliability:** Companies that rely on management enablement strategies show a higher level of financial reporting relevance, truthfulness, and comparability, compared to companies that do not implement enablement effectively.
5. **Positive impact on investor confidence:** The quality of financial reporting resulting from managerial empowerment contributes to increasing the transparency of financial operations and gaining the trust of local and international investors.

**Recommendations:**

1. **Strengthen management empowerment strategies:** Iraqi mobile operators such as Zain and Asiacell should increase the level of managerial empowerment by delegating authority, motivating employees, and involving them in strategic financial decision-making.
2. **Development of Financial and Management Training Programs:** Designing ongoing training programs to develop employees' skills in preparing accurate and transparent financial reports in accordance with International Standards (IFRS).
3. **Improve information flow systems:** Strengthen internal systems to exchange financial data between different departments quickly and reliably to reduce errors and delays in reporting.

4. **Strengthen self-control:** Encourage employees to self-control and take responsibility for the accuracy of information, reducing reliance on traditional hierarchical control alone.
5. **Adoption of electronic financial reporting:** The use of ERP systems and digital financial information systems to increse the speed of reporting and improve the quality of financial
6. **Conduct a periodic financial performance evaluation:** Conduct a periodic evaluation of the quality of financial reports using key performance indicators and review them internally

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