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THE MEDIATING ROLE OF FINANCIAL PERFORMANCE IN THE IMPACT OF CORPORATE GOVERNANCE ON THE MARKET SHARE IN THE IRAQI LISTED COMPANIES

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Abstract

Research Aims: This study examines how financial performance moderates the impact of corporate governance on the market share of Iraqi listed companies. **Design/Methodology/Approach:** The study examines companies listed on the iraqi Stock Exchange using multiple regression and panel data analysis over 2012-2022. After the data were systematically removed, 33 companies were selected from 130. **Research Findings:** The study reveals that corporate governance positively impacts market share, and financial performance moderating this relationship. **Theoretical Conclusion/Originality:** The findings suggest that Financial performance can mediate the effect of good corporate governance proxied by corporate secretary on Market Share, and it can be concluded that the corporate secretary has an indirect effect on the Market Share through financial performance**. Practitioner/Policy Implications:** The study highlights The research underscores the significant impact of corporate governance on market power and financial performance, while also emphasizing several important implications for management. Corporate governance plays a crucial role in enhancing brand reputation and market positioning. Evidence suggests that organizations that are dedicated to implementing strong corporate governance practices are able to positively influence consumer perceptions, thereby expanding their customer base. The alignment of strategic initiatives not only enhances market power but also establishes a sustainable competitive advantage.

Keywords: Corporate Governance ,financial Performance ,market share,Iraqi listed companies
JEL Classification: M48, Q56, H23

1. Introduction

The financial crises faced by commercial companies, especially the giant ones, during the recent period in many countries of the world as a result of tampering with the credibility of the financial statements of public companies, prompted the concerned national authorities, international organizations and law-makers in these countries to conduct in-depth studies to find appropriate solutions to avoid these crises. for achieving stability in the national and international markets. The result of these efforts was the adoption of a corporate governance system to prevent or limit financial crises through a set of mechanisms, most notably transparency and true disclosure of financial and non-financial information, activating internal and external control over its business to reduce fraud and manipulation, as well as activating the role of the board of directors in it to protect the rights of shareholders. And those dealing with the company, and these efforts were embodied in enacting a system of governance and obliging companies to implement it, or to amend or legislate new laws for companies by adopting the rules and mechanisms of governance in these laws. So Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled and managed. It involves the relationship between a company's management, its board of directors, its shareholders, and other stakeholders. Good corporate governance is widely recognized as a key factor in a company's success, as it can help to ensure that the company is managed effectively, ethically, and in the interests of all stakeholders. However Governance is an important pillar of measuring the development of institution of all kinds by measuring the financial progress of institutions.

The weakness of the application of institutional governance in some countries, including Iraq, has led to an exacerbation of the state of administrative and financial corruption and the exploitation of the weak practices of the authority for its role in the field of adequate monitoring and accountability, in addition to the absence of disclosure, integrity and transparency processes, which led to an increase in negative practices that led to the outbreak of multiple crises, although the authority In Iraq, it tried to beautify its false image in front of the people, but facts soon revealed about practices that violate international laws and norms in various economic, financial, administrative and other aspects, which resulted in more crises and collapses. So we can expect that corporate governance affect on market share .Also with knowing that the Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. The main goal of corporate governance is to maximize the long-term value of the firm for its shareholders. So Corporate governance has been found to have a significant impact on the market share of a company by the way that affects on the performance of instutution.

In the other hand ,the Market share is a measure to determine the influence of a business in the market in a specific field of work. The higher the percentage of market share, the greater the company's influence on the market, as the effect of market share is measured as the company's total sales versus those of competitors.In fact Market share, refers to the percentage of total sales in a particular market that is captured by a particular company. It is a measure of a company's competitiveness and success in a particular market. Also the Financial performance is a key indicator of a company's success in the market. Financial performance can be measured by various metrics, including profitability, liquidity, solvency, and efficiency.

In Other way Financial performance refers to a company's ability to generate profits and create value for shareholders. Financial performance is influenced by a variety of factors, including corporate governance. With this ,we can expect The relationship between corporate governance and market share can be influenced by the mediating role of financial performance. some studies have found evidence that financial performance mediates the relationship between corporate governance and market share by different way. For example, Beiner et al. (2006) found that financial performance mediates the relationship between board independence and market share.

In conclusion , we expect that Corporate governance can have a direct impact on a company's financial performance. because, good corporate governance can lead to better decision-making, improved risk management, and increased accountability, all of which can help to enhance financial performance. Conversely, poor corporate governance can lead to mismanagement, ethical lapses, and legal and reputational risks, all of which can negatively impact financial performance.

In addition to the direct impact of corporate governance on financial performance, there is evidence to suggest that financial performance can mediate the effect of corporate governance on market share. This means that the relationship between corporate governance and market share may be partially explained by the impact of corporate governance on financial performance. Finally we belives the Research on the mediating role of financial performance in the effect of corporate governance on market share is important for several reasons:

There is a demand for research result.and it is showed that Accountants' decisions have important economic effects.also The results of the studies are important for the policy makers and legislators from the regulatory aspect and the development of standards. Also we expect,By knowing the factors, performance can be improved.

This study's structure is as follows: the research begins with the introduction after that theoretical framework, presenting foundational theories and concepts relevant to the study is presented. Subsequently, the research methodology is discussed, outlining the methods and techniques used for data collection and analysis. Regression analysis is employed to examine the relationships between variables. Finally, the research concludes with a comprehensive discussion and conclusion, summarizing the findings and their implications.

2. Theoretical Framework and Hypothesis Development

2.2. the relationship between corporate governance and market share

Previous research has examined a range of contextual factors that have the potential to forecast instances of corporate misconduct. Such factors include the organizational structure of firms, the remuneration packages of executives, as well as a variety of environmental variables (Huynh et al. , 2022). Currently, there is a lack of comprehensive research that investigates the potential impact of a shareholder-oriented system on decision-making processes in relation to misconduct. Moreover, there is limited understanding of how specific governance structures, which prioritize shareholder value, can influence the connection between underperformance and unethical behavior within corporations. The shareholder-oriented appro ach is inherently intertwined with the orientation and extent of risk assumption within an organization., the research team of Javaid et al. (2023), it was contended that the predominant perception of corporate wrongdoing failed to acknowledge a significant exemption wherein such misconduct could occur "on behalf of the organization and at its behest"; thus, a greater level of organizational control would result in a higher incidence of misconduct. The motivation of shareholders, as well as the underlying social values and norms that govern unscrupulous business practices, may serve as primary catalysts for instances of misconduct. In emerging economies, the rapid and extensive progress of economic development has facilitated the acceleration of demoralization, characterized by the gradual erosion of societal ethical frameworks (Khan et al. , 2019).

In emerging markets such as Iraq, the prevalence and extent of corporate misbehavior is heavily influenced by a shareholder-oriented governance structure and an insufficiently developed legal enforcement mechanism. The efficacy of corporate governance is subjected to scrutiny within a dynamic and rapidly evolving context (Kartika et al. , 2023). The absence, inefficiency, or malfunctioning of legal institutions and their enforcement actions are observed in emerging markets, as asserted by Laili et al. (2019) The limitation of corporate governance becomes apparent when legal requirements are insufficient to comprehensively delineate all possible violations. In an organizational context, corporate misbehavior is contingent upon the interplay of individual motivation, specifically driven by economic aspirations, and the individual's capacity to make unethical decisions, which may be influenced by relevant governance mechanisms. The escalation of corporate misconduct has mirrored the swiftly growing issue within internal organizational processes and external expectations. The Iraqi government has made efforts to incorporate legal structures from the Anglo-American system in order to address the growing incidences of corporate misconduct. Nevertheless, it seems that the efficacy of local legal framework adaptation was lacking in comparison to its performance in developed markets. Iraqi regulations stipulate that a publicly traded company is permitted to issue additional shares only if its return on equity has exceeded 10% consistently over a period of three years. Conversely, if a company incurs losses over three consecutive years, it will be removed from the listing. According to Chen et al. (2016) and Cheng et al. (2010), it has been observed that. The implementation of these regulations, coupled with a governance system focused on prioritizing shareholders' interests, has effectively facilitated the swift growth of the stock market. However, it has concurrently provided listed companies, particularly those demonstrating subpar performance, with incentives to undertake daring actions in order to fulfill anticipated outcomes. The aforementioned observation illustrates a prevalent trend of unethical behavior within the Iraqese stock market, wherein companies demonstrate a predisposition towards perceiving favorable prospects rather than acknowledging the potential detriments resulting from their misconduct (Gao et al. , 2021) Hence, a comprehensive investigation is necessary to explore the impact of governance mechanisms that prioritize shareholders' interests on instances of misconduct within the framework of an emerging economy. With the aim of investigating the interplay between governance factors and the linkages between performance below aspiration and misbehavior, the ensuing section will delve into the mediating effect of these factors. In order to gain a deeper understanding of the influence of corporate governance and its potential impact on the association between performance and corporate misbehavior, this study initiates by examining relevant literature that enables the identification and examination of several significant obstacles faced by conventional governance models. Research on corporate governance commonly suggests that robust governance mechanisms should be put in place to exert rigorous monitoring and exert pressure on senior executives, thereby mitigating the occurrence of corporate misconduct (Ledi et al. , 2023). However, there is ongoing scholarly debate regarding the efficacy of presumed governance mechanisms in their ability to detect, mitigate, and deter instances of corporate misconduct (Quddoos et al. , 2020). The academic authors Saeed et al. (2015), it has been determined that the detection of financial fraud is significantly influenced by employees, non-financial-market regulators, and media, rather than the traditional governance actors. According to Admati (2017), internal governance mechanisms frequently fail to operate efficiently. Additionally, Manan and Amin (2015) assert that a governance structure centered on the interests of shareholders, with a focus on financialization, may incentivize managers to behave in manner that negatively impacts their shareholders and other stakeholders.

In light of this, a crucial aspect lies in assessing the efficacy of governance mechanisms centered around shareholders. This can be achieved through the inclusion of a behavioral motivation perspective. In a more precise manner, the occurrence of corporate misbehavior can stem from a decrease in performance that fails to meet the desired level of achievement. However, the corporate governance structure plays a significant role in shaping the environment within which such misbehavior may either be curtailed or stimulated. Prior research indicates that managers engage in self-entrenchment behaviors in order to acquire personal advantages, and ineffective governance practices serve as a significant precursor to instances of corporate misconduct (Tapang et al. , 2022). Nevertheless, there remains a dearth of research focusing on the extent to which shareholder-oriented corporate governance plays a mediating role in relation to both underperformance relative to target levels and corporate misconduct. This study aims to integrate the impacts of performance aspirations and governance mechanisms within the framework of an emerging market context. The developmental experience in China provides distinct implications for evaluating the efficacy of the Anglo-American governance system in emerging economies. The dynamic economic landscape undergoing rapid transformations, coupled with an underdeveloped institutional framework, creates conducive conditions for the growth and proliferation of organizational opportunism and corporate misconduct. In markets of this nature, investments made by firms in establishing connections with officials hold the potential to enhance their economic prospects and elevate shareholder valuations. Successful rent-seeking in the political realm may result in a rise in stock price, however, evaluating a company's worth through shareholder valuation may present challenges in terms of accurately gauging its economic contribution. This may foster an environment susceptible to corruption and subsequently elevate the occurrence and gravity of corporate misconduct, and overall market stability (Xu et al. , 2022) This misconduct can take various forms, such as financial fraud, corruption, and unethical business practices. These activities not only harm individual companies but also have far-reaching consequences for the entire economy. One potential consequence of widespread corporate misbehavior is the erosion of investor confidence. Ying et al. (2021) have found that when investors perceive a high level of corporate misconduct, they become hesitant to invest in any company within the industry, fearing similar unethical practices. This decreased investment can result in a reduction in capital inflows, hampering the overall economic growth. Furthermore, the job security of employees is directly affected by corporate misbehavior. The study conducted by Zhou et al. (2022) reveals that when companies engage in fraudulent activities or unethical practices, they often resort to cost-cutting measures, including laying off employees. This not only creates a sense of insecurity among workers but also increases unemployment rates, leading to a decline in consumer spending and further hindrance to economic progress. Additionally, market stability is threatened by corporate misbehavior. Xuan et al. (2022) have observed that when unethical practices become prevalent in an industry, market volatility increases, making it difficult for investors to make informed decisions. This instability can lead to market inefficiencies, imbalances, and even financial crises, negatively impacting the overall economic stability. To mitigate the negative effects of corporate misbehavior, regulatory bodies need to strengthen their oversight and enforcement mechanisms. Stricter regulations, monitoring, and penalties can deter companies from engaging in unethical behavior, thus safeguarding the economy from potential harm. It is essential for both the government and businesses to prioritize ethical practices, fostering a culture of integrity to promote sustainable economic growth. In the current discourse, scholars such as Shahid et al. (2020) have conducted research to investigate the interrelationship between individuals' mental health and their societal well-being. Similarly, Tiep and Nguyen (2021) have also explored the dynamics that contribute to the overall societal well-being. These scholarly endeavors aim to comprehensively understand and address the complex nature of mental health, and its impact on the broader societal fabric(Sarwar et al. ,2019). Given what has been said, the first hypothesis of the research is as follows:

Hypothesis 1: corporate governance has significant impacts on the market share

2.3. The mediating role financial performance on the impact of corporate governance on the market share

In order to understand the relationship between the two variables, several studies have been conducted, such as Kabir et al. (2017) are cited in the text. Many researchers have consistently

suggested that companies with low performance are more inclined to engage in criminal activities compared to companies that have a strong performance record (Itan, 2022). When companies face financial difficulties, their inability to reach their objectives through legal methods can cause strain and create opportunities for unethical behavior (Amalia et al. , 2019; Alfalah et al. , 2022; Aisyah et al. , 2022) Many research studies on unethical behavior in corporations have consistently shown that when companies face financial difficulties, the pressure increases, and this may push them towards engaging in illegal activities. The commonly raised argument pertains to organizational misconduct, suggesting that illegal actions serve as an advantage for financially struggling companies. This advantage allows these firms to acquire scarce resources more effortlessly or at a reduced cost compared to their competitors. Companies that perform the worst will experience significant pressure and, as a result, be highly motivated to close the gap between their goals and achievements, resorting to unethical methods in the process. The unethical encouragement of organizational nonconformity may occur when performance is enhanced through illegitimate means (Aslam et al. , 2024) Conversely, there is a direct correlation between better performance and reduced strain, resulting in a lower probability of engaging in wrongdoing. However, research in this field has yielded contrasting outcomes. Certain research indicates that poor and diminishing performance can result in misconduct, as noted by Agnew et al. (2009) Fahimi and Fakhari (2017). On the other hand, Baucus and Near (1991) as well as MacLean (2008) have discovered that strong and improving performance can actually raise the chances of corporate wrongdoing. The integration of the concepts of aspiration level and problemistic search by the BTOF has the potential to resolve the contradicting outcomes. Research conducted in the BTOF has explored various forms of risk-taking actions, such as expanding factories (Rodriguez-Fernandez, 2016) and making predictions about income (Rashid, 2020). Additionally, the research has also studied the level of investment and expenditure in research and development. Previous research in strategic management and organizational behavior has often overlooked the significant risks associated with corporate misbehavior.
Given what has been said, the first hypothesis of the research is as follows:
Hypothesis 2: financial performance has a mediating effects on the impact of corporate governance on market share .

Research Methodology

The statistical population contains all listed companies on the Iraqi Stock Exchange between 2012 and 2022. A systematic elimination strategy is utilized for sampling. According to the data obtained at the end of 2022, the final statistical sample was established based on the information in Table 1.

Table 1. The number of companies

Companies Listed on the Iraqi Stock Exchange	Number of Companies
Total number of companies	130
calling companies	(4)
insurance companies	(5)
investment companies	(9)
Financial services	(33)
Telecommunication companies	(2)

Banks	(24)
Non-disclosure of information	(20)
Total sample	33

Basic information and basic data for hypothesis testing are acquired using the Iraqi Stock Exchange database. The data analysis approach is cross-sectional and year-to-year (e.g., data (1
panel). The multivariate linear regression method has been utilized to test the hypotheses, and descriptive and inferential statistical methods have been employed to examine the produced data. Therefore, the frequency distribution table is exploited to describe the data. At the inferential level, the F-Limer test, the Hussmann test, the normality test, and the multiple linear regression tests are employed to test the research hypotheses.

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3. Research Model

Equation (1) was used to test Hypothesis 1, and Equation (2) and (3) tested Hypotheses (3
Model 1.

$$market\ share_{it} = \beta_0 + \beta_1 CG_{it} + \beta_1 \sum control_{it} + \varepsilon_{i,t}$$

Model 2

$$ROA_{it} = \beta_0 + \beta_1 CG_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t}$$

$$market\ share_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t}$$

The Dependent Variable:
$market\ share_{i,t}$: we measure the market share by this formula : revenue of company \total revenue of industry.(Fakhari,2021)
Independent Variable:
$CG_{i,t}$: Corporate governance, we use checklist for measuring of corporate governance.from Fakhari study (2021).
Mediating Variable:
$financial\ performance_{i,t}$: we measure mediating variable by this (ROA).
Control Variables: (liquidty,size, leverage,diversity of product,ownership structure,forign transaction, disclosure score)

Table 2. Description of variables

Variable	Variable Definition	Measurement Variable	Reference

Market share	M.S	M.S(revenue of company) / (total revenue of industry)	Fakhari (2017),
Corporate governance	Corporate governance score	SDI = The amount of items disclosed/ The amount of items must be disclose according checklist	Diantimala,2018
Firm size	Firm size is an indicator used to determine the size of an entity (small or large)	Firm SIZE = Ln (Total Assets)	Kasbun et al,(2016)
Leverage	A measurement of the amount of assets that is financed with debt	LEV= Total debt to total assets Ratio = Total Debt / Total Assets	Abdi et al,2020
Liquidity	The availability of fund so that company can afford the payment of current liabilities	LIQ= Current Assets/ Current Liabilities	Nugroho et al,2014
ROA	as defined by Thomson Reuters Eikon database, ROA measures a company's operating efficiency regardless of its financial structure	ROA= operating profit to financing costs/ total assets	Abdi et al,2020
ROE	Used total equity as denominator and reflects the firm performance relative to the shareholder investment	ROE= Net income/total equity	Kusuma et al,2014
Q- t	Tobin q	Market value/book value	Maryam Ishaq(2021)
D-P	diversity of product	number kinds of product	Yingyi Wu, Haiquan Chen, Hu'an Wang(2019)
OW-STRUC	the ratio of kind of ownership	ratio of ownership/ total stockholder	Al Kassar et al,2014
disclosure score	Check list of disclosure	Disclosure score	Amir Shams Koloukhi, Ali

			Reza Mehrazeen(2021)
F.T	Foreign Transaction	Dummy variable	Fakhari(2017)

4. Results

This research is a panel data study that collects primary information gleaned from financial reports for listed Iraqi firms in the stock market for the fiscal year 2012 - 2022. This year was chosen because the data is readily available and sufficient to serve. the purpose of this study , which avoids getting involved the because of the financial sector it has unique characteristics and rules that distinguish It distinguishes itself from the other two sectors. For the independent and dependent variables, we shall collect accounting and other pertinent data that will aid the current study's purpose from Iraqi stock exchange.

Table 2. The descriptive statistics.

4.1. Data on Descriptive Statistics

Descriptive statistics of the main variables of this research are presented in Table 3. The average market share is approximately 13%, which indicates that companies earn approximately ten percent of their industry's share of revenue, and this amount reaches a maximum of 34%.This research examines the variable of voluntary disclosure of information, in which it is pointed out that the mean and median values of voluntary disclosure of information in Iraq are equivalent. The analyzed analysis shows that companies often disclose 15% of cases and. In Iraqi companies, LEV indicates that 30% of the company's assets are debt..

Table 3. Descriptive statistics of main variables

Varbilae		*Average*	*Mediean*	*STD*	*Min*	*Max*
M.S	dependent	0/134	0/127	0/064	0/012	0/348
CG	Independent	0/374	0/375	0/063	0/000	0/875
ROA	moderator	0/064	0/021	0/223	-0/793	0/826
size	cntrols	22/345	22/290	1/407	18/681	26/895
Lev	cntrols	0/301	0/630	0/630	0/019	1/785
Liq	cntrols	2/315	1/976	0/040	0/044	6/945
OW-STRUC	cntrols	0/367	0/381	0/103	0/087	0/871
disclosure	cntrols	0/210	0/178	0/133	0/000	0/642
D-P	cntrols	2/793	2/000	1/817	1/000	7/000

Table 4 Descriptive statistics of qualitative variables

Varbilae	***Status***	***Frequency***	***Percentage %***
F.T	0	202	63.86
	1	134	36.14
	Total	336	100.00

4.1. Data Analysis and Main Results

Table 5 presents the correlation analysis of research variables. CG (independent) and M.S (dependent) in Iraq is direct and significant with a coefficient of 0.70. Also, the mediating variables of ROA and M.S in Iraq are direct and significant with a coefficient of 0.22 at the 99% confidence level (**coefficient: 0.001**).

Table 5. Correlation analysis of research variables.

	M.S	*CG*	*ROE*	*ROA*	*qtobi*	*size*	*Lev*	*LIq*	*OW*	*disclosure*	*D-P*	*F.T*
M.S	**1**											
CG	0/70 ***	**1**										
ROA	0/22	**0.279 *** **	**1**									
size	**-0/06 *** **	**-0.003**	**0.210 *** **	**1**								
Lev	**0/01**	**0.216 *** **	**0.019**	**-0.143 * **	**1**							
LIq	**-0/08**	**0.037**	**0.0105**	**0.198 * **	**-0.012**	**1**						
OW	**0/02**	**0.01**	**-0.14**	**0.03**	**0.034**	**-0.213 *** **	**1**					
disclosure	**0/03**	**0.22**	**0.15**	**-0.01**	**0.26**	**0.042**	**0.041**	**1**				
D-P	**-0/06**	**0.28**	**0.19**	**0.11**	**0.13**	**0.24**	**0.25**	**0.21**	**1**			
F.T	**-0/05**	**0.04**	**-0.19**	**-0.06**	**0.18**	**0.17**	**0.09**	**0.34**	**0.18**	**1**		

*, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.
Resource: Research findings

All variables are stable, as illustrated by the fact that the significance level is less than 0.05 in the table above.

Table 6: The results of Levin, Lin Vecho's unit root test for the analysis of stability

Variable	*p-value*

M.S	0.000
CG	0.000
ROA	0.000
size	0.000
Lev	0.000
LIq	0.000
OW	0.000
$disclosure$	0.000
$D\text{-}P$	0.000
F.T	0.000
M.S	0.000
CG	0.000

This study employed the Durbin and Wu–Hausman test to test endogeneity. The results of this test for research equations are reported in Table 7. Since the p-value is larger than 0.05, there is no endogeneity for the both models.

Table 7. Results of Durbin–Wu–Hausman test

Equation	Test	χ^2	p-value	Result
1	Durbin	$\chi^2 = 1.751$	0.468	H0 is rejected (there is no endogeneity)
	Wu-Hausman	F=0.910	0.535	H0 is not rejected (there is no endogeneity)
2	Durbin	$\chi^2 = 2.130$	0.354	H0 is rejected (there is no endogeneity)
	Wu-Hausman	F=1.600	0.402	H0 is not rejected (there is no endogeneity)

In accordance with the integration test results in Table 8, the null hypothesis of data integration at the 99% confidence level is rejected. Therefore, a panel data model should be utilized to estimate the coefficients of these models.

Table 7. The results of pooling.

Equation	F Statistic	p-value
1	2.086	**0.000**
2	3.457	0.000

In Table 8, the Hausman test statistic is 3.03. For the first research model, since the table's is greater and the null hypothesis (i.e., the proper model is the random effect model) is not rejected, the efficient model is the random-effects model.

Table 8. The results of the Hausman test

Equation	$\boxed{\chi^2}$ Statistic	p-value
1	10.213	0.254
2	11.925	0.250

Table 9. The results of the first model

Variable		Cofficient	STD	Tstatistic	P-value	VIF
β		-0/38	1/07	-0/35	0/72	-
CG	Independent	0/682	0/364	16/10	0/000 ***	1/27
size	Contrlol	-0/001	0/005	-0/10	0/42	0/91
Lev	Contrlol	0/063	0/293	2/13	0/033 **	1/67
Liq	Contrlol	0/012	0/005	2/029	0/042 **	1/89
OW-STRUC	Contrlol	0/01	0/03	0/500	0/617 **	1/67
disclosure	Contrlol	0/001	0/052	0/003	0/997	1/65
D-P	Contrlol	-0/001	0/004	-0/133	0/893	1/07
F.T	Contrlol	-0/012	0/020	-0/620	0/535	1/07
Adjusted R	0/41	F	39/7)0/000((			
Observation	336	Durbin-watson	1/95			

As Table 9 shows and based on the VIF values, it is evident that the independent variables are not collinear. Because every VIF value is less than 5, Table 9 indicates with 99% confidence that that corporate Governance (independent variable) in Iraq has a direct and significant relationship with the market share (dependent variable) with 0/682 coefficients. Therefore, the first hypothesis of the research in Iraq is accepted at the confidence level of 99%. The value of the adjusted coefficient of determination in Iraq is 41% of the changes in the dependent variable explained by the independent variables of the model. Also, the values of the variance inflation statistic (variance inflation < 5) indicate that there is no linearity between the independent variables of the research.

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4.2. Additional Analysis

Table 10 shows presents the results of fitting the second hypothesis in Iraqi listed companies. There is a significant relationship between CG and market share according to the mediating role of ROA. This hypothesis examines the mediating role of ROA between the independent variable of CG and the dependent variable of market share**.**

In order to investigate the indirect effect of the independent variable on the dependent variable, the following conditions must first be met. The first condition is to confirm the significance of the influence of the independent variable on the medium, and the second condition is to confirm the significance of the effect of the medium on the dependent variable. Then, if the above conditions are met, the significant indirect effect and the path coefficient are obtained by multiplying the path coefficient of the independent variable's effect on the medium and the path coefficient of the medium's effect on the dependent variable**.**

Considering that the first hypothesis (the effect of the independent variable on the intermediary) and the third hypothesis (the effect of the intermediary variable on the dependent) have been accepted, therefore, the indirect effect of the credibility of influencers and the dependent on purchase intention is significant and its coefficient is equal to**:**

189/0 * 376/0 = 071/0

Also, the **Sobel test** is used for the significance of the effect of the intermediate variable.

$$z = \frac{t_a * t_b}{\sqrt{(t_a^2 + t_b^2)}}$$

t_a: t-statistic value between the independent variable and the mediator
t_b: T-statistic value between mediator and dependent variable

$$z = \frac{6.333 * 4.474}{\sqrt{(6.333)^2 + (4.474)^2}}$$

Here, the value of z = 3.654 was obtained, which is more than 1.96. As a result, it can be said that the mediation of ROA between CG and market share has a positive and significant effect. Therefore, the second research hypothesis is confirmed**.**

Result	significant number test) (statistics	Significance level	path coefficient	straight path
Approve	0.000	3.654	0.071	market share ← ROA ← CG

Table 10. The results of the second models

$`ROA_{it} = \beta_0 + \beta_1 CG_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t}$					
Variable	Cofficent	STD	Tstatistic	P-value	VIF

β		-0/456	1/37	-4/35	0/000	-
CG	Independent	0/376	0059	6/333	0/000 ***	1/27
size	Contrlol	-0/031	0/010	-2/948	0003	1/91
Lev	Contrlol	0/087	0/037	2/318	0/021 **	1/67
Liq	Contrlol	0/008	0/007	1/266	0/206	1/89
OW-STRUC	Contrlol	-0/093	0/060	-1/504	0/122	1/67
disclosure	Contrlol	0/091	0/082	0/901	0367	1/65
D-P	Contrlol	0/001	0/010	0/109	0912	1/07
F.T	Contrlol	-0/012	0/020	-0/620	0/535	1/07
Adjusted R	0/12	F	39/7(0/000)			
Observation	336	Durbin-watson	1/98			

$$market\ share_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t}$$

Variable		*Cofficient*	*STD*	*Tstatistic*	*P-value*	*VIF*
β		-0/567	0/07	-7/35	0/00	-
CG	Independent	0/189	0/042	4/474	0/000 ***	-
size	Contrlol	0/004	0/009	0/463	0/643	1/41
Lev	Contrlol	0/032	0/032	0/997	0/319	1/53
Liq	Contrlol	0/001	0/005	0/158	0/874	1/81

OW-STRUC	Contrlol	0/067	0/051	1/299	0/194	1/72
disclosure	Contrlol	0/001	0/052	0/003	0/997	1/64
D-P	Contrlol	-0/004	0/009	-0/441	0/659	1/56
F.T	Contrlol	-0/001	0/017	-0/073	0/941	1/37
Adjusted R	0/04	F	3/89(0/000)			
Observation	336	Durbin-watson	1/74			

*, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Resource: Research findings

5. Discussion and Conclusion

The study delves into the dynamics relationship between corporate governance, financial performance, and market share within the context of the Iraq Stock Exchange. Corporate governance, encompassing mechanisms and practices that guide the decision-making processes of corporations, emerges as a pivotal determinant of market share (H1). This finding aligns with existing literature emphasizing the significance of corporate governance in shaping firm behavior, fostering stakeholder trust, and ultimately, enhancing market competitiveness. Effective governance mechanisms, such as board independence, transparency, and shareholder rights, play a critical role in bolstering investor confidence, attracting capital, and driving sustainable growth.

Furthermore, the study explores the mediating effects of key financial performance indicators, namely Return on Assets (ROA), on the relationship between corporate governance and market share. The results unveil the nuanced impact of financial performance metrics on the governance-market share nexus. ROA emerges as a significant moderator (H2), indicating that firms with superior asset utilization and profitability stand to amplify the benefits derived from robust governance practices. Such firms are better positioned to translate governance structures into tangible market advantages, including increased customer loyalty, enhanced brand reputation, and higher market share. In conclusion, this study contributes nuanced insights into the complex interplay between corporate governance, financial performance, and market share dynamics within the Iraq Stock Exchange. The findings underscore the pivotal role of corporate governance in shaping market outcomes, with robust governance mechanisms positively influencing firm competitiveness and market share expansion. ROA emerge as significant moderators, accentuating the importance of financial performance in amplifying the impact of governance practices on market positioning. Overall, the study's findings underscore the imperative for firms operating within the Iraq Stock Exchange to prioritize robust governance practices as a strategic imperative for enhancing market competitiveness and sustaining long-term growth. By fostering transparency, accountability, and stakeholder engagement, firms can fortify their market positions, attract investment, and navigate the evolving landscape of corporate governance and market dynamics effectively

Practical implication:

The study elucidates the significant impact of Corporate Governance on market power and financial performance, thereby emphasizing various important managerial implications. Corporate governance serves as a critical component in the enhancement of brand reputation and market positioning. It is posited that firms that demonstrate a commitment to robust corporate governance practices can significantly influence consumer perceptions, thereby expanding their customer base. This strategic alignment not only enhances market power but also establishes a sustainable competitive advantage. The incorporation of sustainable practices within the fundamental operations of a business differentiates firms from their competitors, thereby promoting resilience and facilitating sustained growth within the marketplace. As a result, it is imperative for corporations to integrate Corporate Governance strategies comprehensively into their operational frameworks. Additionally, firms are encouraged to invest in the development of robust relationships with stakeholders, ensuring that their Corporate Governance initiatives are in alignment with the interests of customers, employees, communities, and investors. Transparent communication and comprehensive reporting on Corporate Governance activities are essential, as they foster trust and credibility among stakeholders. This, in turn, enhances the firm's market reputation and financial standing. Furthermore, the study identifies corporate governance as a significant factor. A substantial mediating role is observed between corporate governance and financial performance; however, this relationship does not extend to market power. This observation underscores the importance of establishing robust governance frameworks to enhance the effectiveness of Corporate Governance initiatives in achieving favorable financial outcomes. Organizations should prioritize and allocate resources towards the establishment of robust governance practices, including board independence, appropriate board size, and diversity, in order to effectively harness and enhance the benefits associated with Corporate Governance. It is recommended that managers incorporate Corporate Governance objectives into their governance frameworks and strategic decision-making processes. This integration should involve active participation from both the board and top management in discussions related to Corporate Governance. Although corporate governance may not exert a direct influence on market power, it is advisable for firms to investigate alternative strategic approaches, such as innovative product development and enhanced customer engagement, to complement their corporate governance initiatives and strengthen their market positioning. The ongoing assessment and refinement of governance practices, in accordance with the dynamic objectives of Corporate Governance and financial targets, are essential for optimizing the synergistic relationship between Corporate Governance and financial performance. This process ultimately fosters responsible business practices and contributes to financial success.

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