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INVESTORS RESPONSE TO THE REPORTING OF FINANCIAL PERFORMANCE INDICATORS: EVIDENCE FROM IRAQ

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ABSTRACT. Accounting literature demonstrates that various financial statement items impact the company's financial market value and investor behavior. The purpose of this article is to examine the usefulness of financial performance measures in providing investors with information on how well a company performs. These three financial performance metrics, operating income, total revenue, and dividend, are compared to market indicators, including stock prices and the total number of shares traded. Based on an eight-year sample of 33 Iraqi Stock Exchange registered banks (2010-2017), this study includes 264 observations. Operating income, total sales, and dividends are all shown to be essential value indicators. Suppose you compare operating income to other performance indicators. In that case, you will see that the operating income index has a stronger connection with stock prices and total traded stocks (total revenue and dividends). According to the findings, capital markets benefit from this research since it helps investors better grasp the significance of various financial performance indicators and how they impact stock prices.

JEL Classification: H38, M41, R53

Keywords: financial performance, value relevance, total revenue, operating income, dividends

Introduction

Value relevance is a direct indicator of information benefits for decision-making as it reflects the role of accounting information in providing important information to investors for assessment purposes. In particular, value relevance corresponds to the general purpose of the financial report, which is to provide restrictive information to help existing and potential investors, lenders, and other creditors estimate the value of the company (Udeh & Ezejiofor, 2018). To this end, users should be in a position to make future forecasts of the information available. Adequate information must be made available to the user before he or she can lose influence in the decision-making process (Al-Wattar, Almagtome, & AL-Shafeay, 2019). It should therefore be appropriate and timely. Not only that, but the information must also be reliable, free of bias and error. This makes accounting information useful to the user and, therefore, a relevant value. Relevance is one of the main qualitative properties of accounting knowledge. Accounting information is said to be only applicable to consumers if it is capable of influencing their business decisions (Lin, 2006). When making investment decisions on the

capital market, investors need to evaluate the inherent value of shares, such as securities, which will be used as the basis to make investment choices (Sutopo, Kot, Adiati, & Ardila, 2018). Numerous studies have been conducted on the value relevance of accounting information in different contexts, e.g. (Ali, Hameedi, & Almagtome, 2019; ALTINTAŞ, SARI, & OTLUOĞLU, 2017; Chen, Chang, & Fu, 2010; Jones & Smith, 2011; Khaghaany, Kbelah, & Almagtome, 2019; Moneva & Cuellar, 2009). Baboukardos and Rimmel (2016) analyze whether the importance of the descriptive accounting information provided by the companies listed in the JSE improved following the mandatory implementation of the Integrated Reporting. They indicate that the adoption of IR leads to a significant increase in the valuation relevance of earnings and a decrease in the value relevance of net assets. Khaghaany et al. (2019) suggest that sustainability reporting is linked to an increase in the stock prices of tourism companies and that there is a significant positive link between sustainability reporting and stock prices. Jones and Smith (2011) show that both special items and Other Comprehensive gains and losses are value-relevant, but losses and gains on special items show zero persistence. As financial performance measures have different impacts on the company value calculation, this analysis broadens the value-relevance concepts by evaluating the value-relevance of financial performance measures. It also investigates which performance measures provide more information in the assessment process.

Literature review

1) Value Relevance of Accounting Information

The primary purpose of the financial reports is to provide information related to the financial position of the company, its operating results, any changes to the company's control, and cash flow. The effect of financial statement information on capital market indicators is part of a market-based accounting schedule (Davies, 2018). Many investors and lenders make their decisions based on the accounting information provided in the form of accounting reports about the company's performance. For accounting information to be useful, it requires qualitative characteristics when preparing it. Perhaps the most prominent of these characteristics is the trait of convenience and is intended: "It is one of the basic characteristics that make accounting information useful for the decision-making process when it has a predictive value or a confirmation value, or both" (Kieso, Weygandt, & Warfield, 2019). As the predictive value and confirmatory value are important in evaluating performance components and thus affect stock prices, this is what is termed “value relevance” (Jones, 2011, p: 2050). The suitability of a value exhibits the interaction of two essential characteristics, which are suitability and reliability, jointly. However, if there is a lack of suitability of the value, it is difficult to determine if the reason is incompatibility or reliability. This means that this model does not differentiate between convenience and reliability (Azar, Zakaria, & Sulaiman, 2019). Financial reports should cover everything that greatly affects an entity's ability to create value in the short, medium, and long term. In ways that help you understand the business model, strategies, and performance. Consequently, it achieves its ability to increase the suitability of the value of the disclosed information, not its quantity. Also, the consistency of competitors' information in the same environment leads to an increase in their suitability (Cortesi & Vena, 2019). The primary purpose of conducting value relevance research is to broaden our scope of knowledge regarding the relevance and reliability of the accounting amount as shown in share values. Shaheen and Rinklebe (2014) classified value relevance studies according to four explanations as follows:

1. A basic analysis view

The financial information causes an impact on stock prices without assuming that the stock market is efficient. This means that the market does not reflect all the information at all times. This is done by measuring the returns generated according to specific trading operations that depend on financial information. This indicates the ability of the investor to gain unusual returns using financial information without resorting to the degree of market efficiency. In turn, it indicates that financial information is of value because it relates to unusual returns.

2. Predictive view

The value-accounting accounting information includes variables from the valuation models. It means that accounting information is valuable if it helps in predicting the values necessary in analyzing conventional valuation models. This view is related to the previous view. That is, the value fit of the accounting items is measured by a specific valuation model. Studies of this viewpoint focus on those predicted profits.

3. Information View

The financial information is a good value if the investor uses it to evaluate prices. The period of these studies will be short. Its goal is to test the market's response to financial information. According to this view, the information is of value if you change the overall market information base. Or if traders actively use it in the market when making investment decisions. In doing so, traders are only guided by the publicly available accounting information from the Company's balance sheet and income statement.

4. Measurement View

The value relevance is interpreted as referring to the ability of all types of indicators to capture and summarize all information. Regardless of its source, whether from financial reports or from other sources. Contrary to the above views. Accounting variables that have a relationship with stock prices or stock returns are able to capture the total information that an investor uses to evaluate stocks. According to this view, financial information may be of value relevance. While not a condition made the decision appropriate. Regression analysis is used to test value fit over a long-term period.

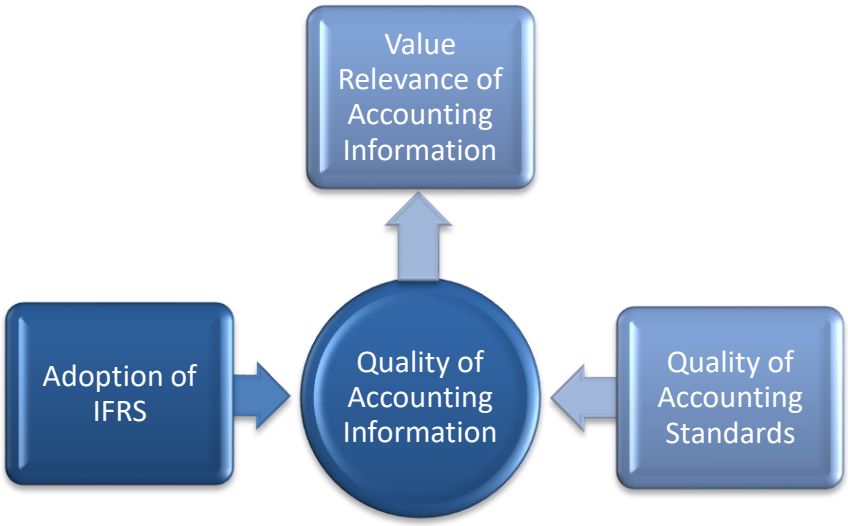

Figure 1. Value Relevance of Accounting Information

Barth, Beaver, and Landsman (2001) believe that value relevance literature provides productive insights into the standard-setting in the following way:

1. Value relevance-based research provides insight into issues of concern to those setting standards and other non-academic components.

2. The primary focus of standards makers is investing in stocks. However, financial statements have a variety of applications that go beyond investing in stocks. The potential contractual uses of the financial statements do not in any way diminish the importance of value relevance research that focuses on investing in stocks.

3. Practical applications of existing valuation models can be used to address value-appropriate issues, despite the simplistic assumptions underlying the models.

4. Research can accommodate conservative values. It can be used to study the effects of the relationship between accounting amounts and equity values.

5. Value-relevance studies are designed to assess whether the specific accounting amounts reflect the information that investors use to evaluate corporate stocks.

6. Econometrics techniques can be applied and applied to mitigate the effects of common econometric problems arising in value relevance studies.

Alfaraih (2009) believes that the accounting standards are mainly aimed at organizing the information of the accounting reports in order to achieve the quality of the accounting information, and therefore the information will be value relevant, and the following figure shows that.

2) Disclosure of Financial Performance Measures

The value of a company is influenced by many factors that affect the overall market of the company, including financing decisions, investment decisions, capital structure, company growth, and company size. The company's financial performance is one of the factors potential investors use to determine equity investments. Hence, maintaining and improving financial performance is a commitment (Pascareno & Siringoringo, 2016) (Djenane & Hammoudi). Ranjbar, Espeed, and Bagheri (2017) define financial performance as "the unit's ability to use its resources efficiently and produce outputs that are appropriate to its goals and appropriate for its users." Whereas Okoro et al. (2017) define financial performance as "the financial position that exists in an enterprise at a specific time or period for a specific aspect of the enterprise's performance or its performance as a whole." The financial performance is related to the activities that yield the facility. Hawash and Stephen (2019) also define financial performance as "the extent to which activities contribute to creating value or effectiveness in using available financial resources by achieving financial goals with minimal financial costs. Therefore, the financial performance should be concerned with three important matters which are:

1- Productivity: that is, using the facility's resources efficiently to create additional value for the facility.

2- Total Quality: Given the changing requirements of customers, continuous performance improvements must be made.

3- Competitiveness: that is, the firm's ability to attract investors for a long period of time.

Some authors may argue that the financial performance is a reflection of the results achieved by the facility's activities. At the same time, others think that it is a result of the optimal use of available resources. For managers, financial performance assists in examining the firm's behavior and making sure its path toward survival and competition is correct. As for the users of financial reports, financial performance helps to discover the strengths and weaknesses of the facility and to take advantage of financial performance information to rationalize decisions. The benefit of financial performance for investors comes in achieving the following goals (Buckley, Doh, & Benischke, 2017):

- Enabling the investor to monitor the activity of the enterprise and its nature as well as the surrounding financial and economic conditions.
- To help the investor to perform the analysis, comparison, and understanding of financial information to make the appropriate decision for the establishment's situation.

On the other hand, Mutairi (2011) refers to the elements of financial performance as follows:

- Strategic management: that is, the general framework set by senior management to achieve the desired goals. In order to continuously develop and maintain the strength and competitive advantage of the facility. As well as developing visions and future goals.
- Transparency: that is, presenting a true picture of the facility's events. And be credible, honesty, integrity, and objectivity in performance. This comes from impartiality only from thinking about personal interests.
- Effective accountability: means ensuring that tasks are carried out in a manner that ensures the success of the facility. This is done by submitting periodic reports on the results of operations.
- Accounting system: it is concerned with collecting, recording, classifying, classifying, processing, storing, and delivering valuable information in the form of financial reports to its users for the purpose of making a decision.

Investors believe that the profits and the market value of the shares reflect the efficiency of the financial performance. Taking into account the time value of money and the risks of uncertain future cash flows. Maximizing the market value of stocks is tantamount to increasing shareholder wealth (Abdel-Ghani, 2008). Financial performance disclosure is the highlight of a set of important components of financial performance to help users understand the performance of a reporting entity in a period and help them form a basis for forecasting future results and projected cash flows (Lin, 2006). Firms are subject to accounting standards when providing information about their financial performance. This performance is often evaluated

by many users of the financial statements based on the profits reported by the companies. The reported earnings are usually in line with these accounting standards (Brinkman, 2019). Gharib, Saba, and Barazesh (2012) indicate that the basis for reporting on financial performance is the collection of information on the entity's actual activities in order to help management to identify weaknesses and make improvements. This is important feedback to increase the enterprise's competitiveness, especially since the primary goal of any facility is to maximize its value. The financial statements used by the company are a reflection of the company's financial performance. Financial statements are the final process of accounting for the purpose of providing financial information that explains the company's status in a period. These financial statements have functioned as an information tool and a managerial accountability tool for the company owner, depicting the company's level of success and as a material consideration in decision making. Stock market participants often use this information as a guideline or guideline for conducting stock company transactions (Pascareno & Siringoringo, 2016). The financial statements consist of the elements shown in the following figure:

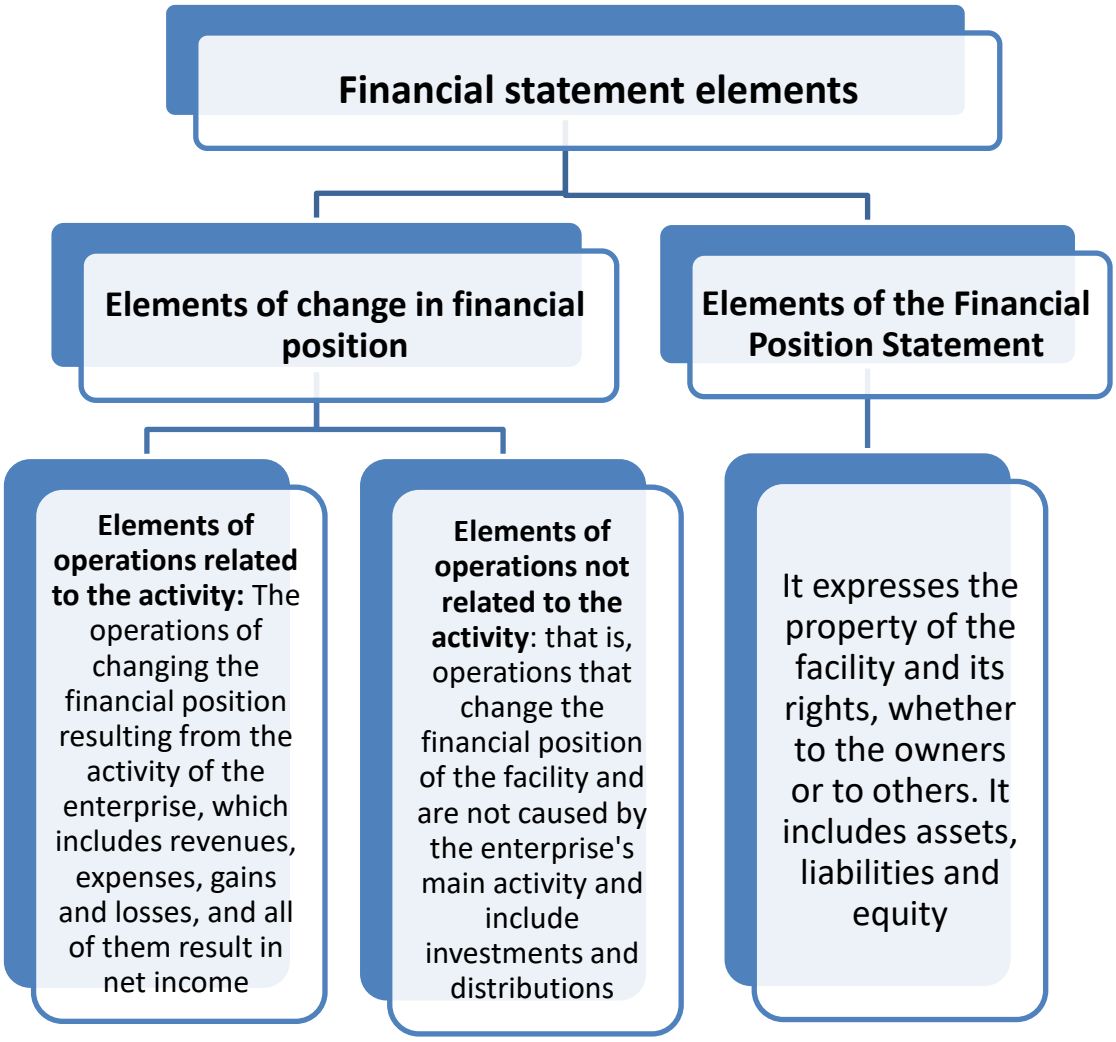

Figure 2. Elements of Financial statements

3) Models of value relevance measurement

In previous research such as (Bogstrand & Larsson, 2012), (Emeni, Uwuigbe, Uwuigbe, & Erin, 2016), (Erin, Olojede, & Ogundele, 2017), (Alkali, Zuru, & Kegudu, 2018), several models are used to provide experimental results on the relevance of the value of accounting measures. There are two pioneering ways of discussing the importance of value. The two methods are referred to as the regression at the price level (the price model) and the regression in the yield (the yield model). They provide different answers to the same inquiry. It is appropriate for the value of accounting amounts. This study is based on similar models and similar samples started in previous studies. It will depend on the methods used in previous research. So, the methodology applied in this study is also supported in a large amount of previous research.

1) The Price Model

Based on the evaluation theory, the price model is the accurate model that reflects the appropriate information at the time of the evaluation, including the market culture and conditions. Accurate market price estimates may produce the correct price pattern. The value of the company can be expressed as a linear equation of the book value, profit, and other value-appropriate information (Shamki & Rahman, 2013). The relevance of the price value is measured by the earnings per share decline (EPS) and the book value per share (BVPS) as independent variables against the share price (P) as a dependent variable. This procedure is based on work (Ohlson, 1995). The interest scale is the adjusted R2 indicating the level of relevance of the value.

$$P_{jt} = \beta_0 + \beta_1 * EPS_{jt} + \beta_2 * BVPS_{jt} + \varepsilon_{jt} \quad (1)$$

Where;

Pjt = is the share price of company j at time t.

EPSj = earnings per share of company j at t time

BVPSj = book value per share of company j at time t.

β 0 = intersection.

β1 & β2 = regression coefficients on independent variables.

je_t = The term random error, which includes the effects of other unspecified factors on the stock valuation.

The Ohlson price model was chosen for the current study for two reasons: First, earnings and book values are complementary and not excessive elements in stock valuation. Therefore, it is necessary for the statistical model to include both accounting measures as independent variables in explaining the market price of shares. Second, results from recent research show a decrease in the relevance of the value of reported profits over time and a corresponding increase in the value of the book values. This indicates that traditional profit measures are becoming less important in decision-making for investors and are gradually being replaced by balance sheet measures. This shift in value fit also makes it necessary to incorporate the carrying values into

the stock valuation model (D. Liu, Zhou, Pan, Peng, & Peng, 2015). There are fundamental flaws in the value fit scale. First, it focuses only on the accounting figures in the abstract rather than on the basic components. Second: There has been an increase in financial disclosures, making it difficult to get a clear idea of the company's assets and liabilities. Finally, value fit metrics may pick up a value that cannot be attributed to value fit. That is the value of non-financial information that leads to deviations from the real value (Thijssen & Iatridis, 2016). This led to the need to derive other equations that test the value fit of other accounting numbers.

2) The Return Model

The returned model is usually called the Easton pattern, which is produced by combining both the current annual profits and changes in profits from the previous year as independent variables in explaining the annual market returns on stocks. After conducting several previous studies, both models were modified by reducing profits and book values by the number of shares of the existing company (C. Liu, Gould, & Burgan, 2014). The returned model is determined as follows:

$$Rjt = \beta\ 0 + \beta 1 * EPSjt + \beta 2 *(EPSjt - EPSjt\text{-}1) + \varepsilon jt \quad (2)$$

Where;
Rjt = is the annual return per share of company j at time .t
EPSjt = annual earnings per share of company j over period t.
EPSjt - EPSjt-1 = changes in the annual earnings per share of company j from t-1 to t.
β 0 = intersection.
β1 & β2 = regression coefficients on independent variables.
jet = random error term that includes the effects of other unspecified factors on the annual return

3) Operating cash flow model

Burke and Wieland (2017) examine the ability of cash flows from operations to predict through current earnings with future earnings and cash flows. Returning to the Olson model (Equation No. 1) and compensation for EPS (EPS) using (CFOPS + ACCPS) produces the following equation:

$$Pjt = \beta 0 + \beta 1\ CFOPSjt + \beta 2\ ACCPSjt + \beta 3\ BVPSjt + \varepsilon jt \quad (3)$$

Where:
Pjt = is the share price of company j at time t.
CFOPSjt = is the cash flow from operations per share.
ACCPSjt = is the total dues per share. It is calculated as the difference between earnings per share and cash flows from operations per share.
BVPSj = book value per share of company j at time t.
β 0 = intersection.
β1 & β2 = regression coefficients on independent variables.
Since (ACCPS = EPS− CFOPS), equation (4) is as follows:

$$Pjt = \beta 0 + \beta 1\ CFOPSjt + \beta 2\ (EPSjt - CFOPSjt) + \beta 3\ BVPSjt + \varepsilon jt \quad (4)$$

Model and Hypotheses

Two kinds of hypotheses have been established to assess the value relevance of financial performance indicators in the Iraqi banking sector. The first is a correlation analysis, which involves two key hypotheses for each variable, the total of traded shares (TTS) and the share price (SP). Three measures of financial performance are used in this study include operating income (OI), total revenue (TR), and dividend (DIV). Each of these hypotheses has three sub-hypotheses. The second type is a regression analysis that involves the same set of assumptions

- H (1) - There is a positive relationship between the financial performance measures and the stock price of Iraqi banks.
    - $H1^1$- There is a positive relationship between the operating income and the stock price of Iraqi banks.
    - $H1^2$- There is a positive relationship between the total revenue and the stock price of Iraqi banks.
    - $H1^3$- There is a positive relationship between the dividend and the stock price of Iraqi banks.

- H (2) - There is a positive relationship between the financial performance measures and the total traded stocks of Iraqi banks.
    - $H2^1$- There is a positive relationship between the operating income and the total traded stocks of Iraqi banks.
    - $H2^2$: There is a positive relationship between the total revenue and the total traded stocks of Iraqi banks.
    - $H2^3$- There is a positive relationship between the dividend and the total traded stocks of Iraqi banks.

Two regression formulas have been developed to assess the value relevance of financial performance measures using two market indices: stock prices (STP) and total traded stocks (TTS):

Model (1):

$$\mathbf{STP = \alpha + \beta1x1 + \beta2x2 + \beta3x3 + \varepsilon} \quad \mathbf{(1)}$$

Where:

'STP = stock prices.

α = constant.

β1 to β3 = Independent coefficients for multiple linear regression x1, x2, x3,.

X^1, X^2, x^3 = Independent variables; operating income, total revenue and dividend.

ε = error.

Model2:

$$\mathbf{TTS = \alpha + \beta1x1 + \beta2x2 + \beta3x3 + \varepsilon} \quad \mathbf{(2)}$$

Where:

TTS = Total traded stock.

α = constant.

β1 to β3 = Independent coefficients for multiple linear regression x1, x2, x3 .

X^1, X^2, x^3 = Independent variables; operating income, total revenue and dividend.

ε = error.

Previous hypotheses for multiple linear regression models have therefore been created:

- H (3) - There is a positive relationship between the operating income, total revenues, and dividends reported by the Iraqi banks and their stock prices (STPs).

- H (4) - There is a positive relationship between the operating income, total revenues, and dividends reported by the Iraqi banks and their total traded stocks (TTSs).

Data and method

The quantitative method was used to test the hypotheses of this analysis. The research sample consists of 33 Iraqi banks selected from the total study population of 43 banks listed on the Iraqi Stock Exchange. This uses financial data derived from annual reports and ISX bulletins for the period 2010-2017 (264 bank-year observations). The paper also uses STP stock prices, and TTS total traded stocks as value significance measures (depending on variables). The independent variables include three financial performance measures: operating income (OP), total revenue (TR), and dividends (DIV).

Results

1) Descriptive Statistics

Table 1 shows the descriptive statistics of the sample, which includes 264 bank-year observations. The dependent variables include stock prices and the total number of shares traded. At the same time, the independent variables include measures of financial performance, which are operating income, total revenue, and dividend. The table shows that the average stock price STP and total traded stocks TTS were 1.02 and 28,486, respectively. The financial performance measures as independent variables were, the operating income OI was 11,742, total revenue TR was 20,183, and the divided DIV was 0.071, respectively.

Table 1. Descriptive statistics

Descriptive Statistics					
	N	Maximum	Minimum	Mean	Std. Deviation
OI	264	56,888	-26,042	11,742	10.1274
TR	264	19,118	3,332	20,183	2.21206
DIV	264	0.450	0.000	0.0712286	3.32213
STP	264	6.100	0.120	1.0577515	13.31237
TTS	264	197,574	0.008	28,486	2.11607
Valid N (listwise)	264				

2) Results of Correlation Analysis

In order to measure the value relevance of information related to financial performance metrics published in the annual reports of the study sample of banks, the investor behavior towards this information has been measured. To this end, stock price indices and total shares traded during the year have been used as market behavior indicators. Table 2 shows the results of the correlation study relevant to the first hypothesis, which indicates that there is a statistically significant association between financial performance indicators as independent variables and stock prices as a dependent variable using Spearman rho. The findings of Hypothesis 1 shown in Table 2 show the correlation coefficients between STP as dependent variables and OI, TR, and DIV as independent variables.

Table 2. Spearman correlation coefficients of H1

		OI	TR	DIV	STP
OI	Pearson Correlation	1	.582**	.693**	.794**
	Sig. (2-tailed)		0	0	0
	N	264	264	264	264
TR	Pearson Correlation	.582**	1	.687**	.663**
	Sig. (2-tailed)	0		0	0
	N	264	264	264	264
DIV	Pearson Correlation	.693**	.687**	1	.691**
	Sig. (2-tailed)	0	0		0
	N	264	264	264	264
STP	Pearson Correlation	.794**	.663**	.691**	1
	Sig. (2-tailed)	0	0	0	
	N	264	264	264	264

The results of the sub-hypotheses shown in Table 2 suggest that sub-hypotheses 1, 2, and 3 are accepted. Sub-hypothesis 1 findings show a significant positive association between operating income (OI) and stock prices (STP) with a relatively high percentage of 79% of the correlation coefficient, $r(264) = .794$, $p<.01$. Sub-hypothesis 2 findings show that there is a significant positive correlation between total revenue (TR) and stock prices (STP) with a 66% correlation coefficient, $r (264) = .663$, $p<.01$. Sub-hypothesis 3 also indicates that the relationship between dividends (DIV) and stock prices (STP) with a 69% correlation coefficient, $r(264) =.691$, $p<.01$, is strongly positive.

Table 3. Spearman correlation coefficients of H2

		OI	TR	DIV	TTS
OI	Pearson Correlation	1	.691**	.734**	0.844**
	Sig. (2-tailed)		0	0	0
	N	264	264	264	264
TR	Pearson Correlation	.691**	1	.727**	0.794**
	Sig. (2-tailed)	0		0	0
	N	264	264	264	264
DIV	Pearson Correlation	.734**	.727**	1	0.817**
	Sig. (2-tailed)	0	0		0
	N	264	264	264	264
TTS	Pearson Correlation	0.844**	0.794**	0.817**	1
	Sig. (2-tailed)	0	0	0	
	N	264	264	264	264

Table 3 provides an overview of the second key hypothesis investigating the association between the sample banks OI, TR, and DIV as independent variables and the total traded stocks (TTS) as a dependent variable. Table 2 shows the results of the correlation study relevant to the Second hypothesis, which indicates that there is a statistically significant association between financial performance indicators as independent variables and total traded stocks (TTS) as a dependent variable using Spearman rho. The findings of Hypothesis 2 shown in Table 3 show the correlation coefficients between TTS as dependent variables and OI, TR, and DIV as independent variables. The results of the sub-hypotheses shown in Table 3 suggest that sub-hypotheses 1, 2, and 3 are accepted. Sub-hypothesis 1 findings show a significant positive association between operating income (OI) and total traded stocks (TTS) with a relatively high percentage of 84% of the correlation coefficient, $r(264) = .844$, $p<.01$. Sub-hypothesis 2 findings show that there is a significant positive correlation between total revenue (TR) and total traded stocks (TTS) with a 79% correlation coefficient, $r (264) = .794$, $p<.01$. Sub-hypothesis 3 also indicates that the relationship between dividends (DIV) and total traded stocks (TTS) with an 82% correlation coefficient, $r(264) =.817$, $p<.01$, is strongly positive.

3) Results of Regression Models

This study uses two regression models to assess the value relevance of financial performance indicators in the sample banks. The results of hypothesis 3 and 4 regression models are presented in Table 4 using dependent variables of both stock prices (STP) and total traded stocks (TTS). Regression results include model (1) and model (2) evaluations with a sample of 264 observations from the bank-year period.

Table 4. Regression results (Model 1+ Model 2)

variable	Model 1 (dependent variable: STP)		Model 2 (dependent variable: TTS)	
	Coeff.	Sign.	Coeff.	Sign.
Constant	-0.08	0.001	0.221	0
OI	0.715	0	0.192	0
TR	1.447	0.007	0.952	0
DIV	0.258	0	1.748	0
N	264		264	
F	21.93	0	19.39	0
R	0.615		0.578	
R^2	0.821		0.722	

Model 1 regression results indicate that at the 0.01 level, there is a positive and important correlation that supports hypothesis 3. These results show that the financial performance metrics are important value for Iraqi banks ' stock prices listed on the Iraq Stock Exchange. The R2 value in table 4 is 0.82. Therefore this result shows that the independent variables (OI, TR, DIV) can collectively explain 82 percent of the variability in stock price (STP). It reflects the share price rises of Iraqi banks on the Iraq Stock Exchange ISX as a reaction to change in the level of social, economic, and environmental disclosure. Additionally, the findings of model 2 hypothesis 4 with total traded stocks (TTS) were also endorsed as a predictor of market behavior. The findings of the regression suggest there is a significant correlation between the Iraqi banks ' financial performance indicators and total traded shares (TTS). The value of R2 in table 4 is 0.72, so this result shows that the independent variables (OI, TR, DIV) can collectively explain 72 percent of the volatility of total traded stocks (TTS). This means that financial performance metrics are value relevance of the sample banks ' total traded stocks.

Conclusions and discussion

To understand how accounting disclosure of financial performance indicators affects investors' behavior in financial markets, researchers have turned their attention to the question of assessing the impact of such disclosures. It is common for investors to want to know what is included in a company's share price and how that data is interpreted. This study relies on the most common financial performance measurements, including operational income, total revenue, and dividends, to determine what drives the stock price. An investigation into the usefulness of financial performance metrics for investors' appraisal of business performance is the goal of this article. For this research, the financial records of 33 Iraqi banks listed on the stock exchange were examined over the course of eight years (2010-2017), totaling 264 observations. The findings demonstrate the relevance and usefulness of operational income metrics, such as total revenues and dividends.

According to the analysis of financial performance metrics, the association between the operational income index and stock prices and the total shares traded was stronger than other performance indicators (total revenue and dividend). According to these findings, Iraqi investors are capable of disclosing financial performance information and having an influence on stock prices. Financial reporting regarding financial performance indicators has a fundamental impact on stock prices, according to this research. Financial performance indicators may also have an influence on investor preferences in the banking industry and their future investment decisions as a result of increased investor understanding and management of the necessity of revealing financial performance indicators for banks in the research sample Short-term investment strategies of Iraqi investors may shift to a long-term focus on consumer preferences and the company's long-term reputation as a result of this transition. An increase in investor awareness of the company's financial performance can have a positive impact on the company's overall worth, which will be reflected in its increased market value. Investors benefit from this study's findings, which show how different financial performance metrics are reflected in stock prices and how important they are. These findings may aid Iraqi banking firms in identifying the exact worldwide development strategies that are most likely to reward Iraqi stock market investors with greater returns. A powerful agent is used to evaluate Iraqi banks' disclosure of financial performance metrics in this study, which adds to the accounting literature.

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