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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

This study examines how financial performance moderates the effect of corporate governance on the market share of Iraqi companies. The study examines companies found on the iraqi Stock Exchange employing multiple regression and panel data analysis over 2012-2022. After the data were systematically removed, 33 companies were selected from 130. The study reveals that corporate governance positively impacts market share, and financial performance moderating this relationship. The findings suggest that Financial performance could indefintely intermediate the impact of good corporate governance proxied by corporate secretary on Market Share, and it ultimately could be determined that the corporate secretary has an indirect effect on the Market Share through financial performance. 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 has a crucial part in boosting 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 enhances market power and establishes a sustainable competitive advantage.

Keywords: *Corporate Governance, Financial Performance, Market Share, Iraqi Listed Companies.*
JEL Classification: M48, Q56, H23.

Introduction

The evidence showed us 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 (Khattak & Abukhait., 2024). 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 contribution of the board of directors in it to protect the rights of shareholders. 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 is a system of rules, practices, and operations whereby a company is directed and controlled and managed (Ahmad et al., 2025). It involves the relationship among a firm's management, its board of directors, its shareholders, and other stakeholders. Good corporate governance is widely recognized as a main dynamic in a company's achievement, as it helps in ensuring that the company is administered effectively, ethically, and in the interests of entire stakeholders. However Governance is an important pillar of measuring the development of institution of whole kinds by measuring the financial progress of institutions.

The weakness of the application of institutional governance in some countries, including Iraq, has led to deterioration of the state of managerial and financial corruption and the exploitation of the weak practices of the authority for its role in the field of adequate monitoring and accountability, besides the lack of disclosure, integrity and transparency operations, which caused a rise in negative practices that led to the

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spate of several crises, although the authority in Iraq, it endeavoured to aesthetisize its false image before the people, but facts rapidly 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 set of rules, practices, and operations whereby a firm is directed and managed. The key goal of corporate governance is to maximize the lasting value of the firm for its shareholders. So Corporate governance has been found to have a substantial effect 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 detect the influence of a business in the market in a specific workfield. The higher the rate of market share, the utmost the firm's effect 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 is the rate of total sales in a specific market that is captured by a specific company. It is a measurement of a firm's competitiveness and success in a specific market. Also the Financial performance is a key pointer of a firm's success in the market. Various metrics like, profitability, liquidity, solvency, and efficiency, can undoubtedly measure financial performance.

In another way, financial performance is a company's ability to greatly generate profits and hopfully create value for shareholders. It is extremely affected by a bundle of factors, like corporate governance. The relationship among corporate governance and market share can be expected to be influenced by the intermediating part of financial performance. Some research works found evidence that fiscal performance intermediates the relationship among corporate governance and market share by different way. For example, Asogwa et al. (2020) uncovered that fiscal performance mediates the association among board independence and market share. In a nutshell, corporate governance is expected to have the ability to have a direct effect on a firm's financial performance because, good corporate governance can originally make better decision-making, enhanced 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 fiscal performance.

Besides the direct impacts of corporate governance on fiscal performance, there is evidence to suggest that financial performance has the capability to mediate the impacts of corporate governance on market share. This shows that the association among corporate governance and market share may be partially explicated by the substantial effect of corporate governance on fiscal performance. Finally we belives the Research on the mediating role of fiscal 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 adopted for data collection and analysis. Regression analysis is utilized to check out the relationships among variables. Lastly, the research ends up with a holistic discussion and conclusion, summarizing the findings and their implications.

Theoretical Framework and Hypothesis Development

The Impact of Corporate Governance on the 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 no holistic research that detects the potential impact of a shareholder-oriented system on decision-making

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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 Afiani et al. (2019) and Alfalah et al. (2022), 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 simultaneously supplied listed companies, especially those exhibiting poor performance, with the motivation to conduct risky behavior to meet expected results. The above observation reflects a common underlying pattern of unethical practice in the Iraqese stock market where organizations are more inclined to view positive outcomes rather than recognizing the potential adverse effects due to their wrongdoing(Bahoo et al., 2019) Therefore, considering the above discussion, the study required detailed investigation in relation to the impact of the governance mechanisms in favor of shareholder-oriented approach on practices of misconduct in an emerging economy. As in the investigation of the interrelationship among governance factors in determining the impact of performance lagging behind one's aspiration leading to employee misbehavior, the next section examines the potential mediation impacts from the governance aspects. The research purpose is to realize better the role of corporate governance and how it perhaps affects the link between performance and corporate misbehavior. To begin, it reviews related literature that allows the identification and analysis of some important challenges conventional models of governance are being confronted with. According to much of the corporate governance literature, severe monitoring via strong governance mechanisms should be placed on top executives in order to place pressure on them and cut corporate wrongdoing. (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 Bint Raza (2024), 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.

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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 has a significant contribution 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 work integrates 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 repercussions for the whole economy. One potential consequence of widespread corporate misbehavior is the erosion of investor confidence. Ying et al. (2021) find that investors, perceiving high corporate misbehavior, do not want to invest in any firm within the industry out of the fear of similar unethical practices. This might decrease investment and thus reduces capital inflow, negatively affecting the overall economic growth. Apart from this, corporate misbehavior influences the job security of employees. Zhou et al. (2022) find that, when companies conduct fraudulent activities or behave unethically, they also often tend to cut down costs by laying off workers, which may result in job insecurity for the workers and a rise in unemployment rates. The increased unemployment rate negatively affects consumer spending, further hampering economic development. Besides, corporate misbehavior also hampers market stability. Xuan et al. (2022) note that as fraudulent activities become customary in an industry, the respective market becomes highly volatile; hence, making appropriate investment choices becomes a difficult task. This can ultimately lead to inefficient markets, imbalances, or even financial crisis, thus having a toll on the stability of the overall economy. If corporate misbehavior is to be lessened, therefore, it would be required that regulatory mechanisms are strengthened by the respective controlling authorities. Stricter regulations, surveillance, and punishments could avoid a company behaving unethically in the very first place and hence save the entire economy from being devastated. Ethics are something to be cared for by the government and businesses together in order to create an integrity culture that should support economic sustainability. In relation to the present discussion, researchers like Shahid et al. 2020 have studied the interaction between mental and societal health of individuals. Similarly, Tiep and Nguyen (2021) have also explored the dynamics that contribute to overall societal well-being. These scholarly works are purposed toward comprehensive understanding and addressing the complex nature of mental health and its impact on the broader fabric of society at large Sarwar et al.,2019. Hence, the first hypothesis is:

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

The Mediating Role of Financial Performance in The Impact of Corporate Governance on the Market Share

To grasp the recognized relationship between the two variables, several studies have been conducted, such as Kabir et al. (2017) are cited in the text. A myriad of researchers have consistently suggested that companies with low performance are more inclined to engross in criminal activities compared to companies that have a strong performance record (Itan, 2022). When companies face financial difficulties, their

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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 Elzahaby (2021) Fahimi and Fakhari (2017). On the other hand, Fourati and Dammak (2021) as well as Halim et al. (2017)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.

Hence, the first hypothesis is:

H2: financial performance has a mediating effects on the impact of corporate governance on market share

Research Methodology

The statistical population contains all companies on the Iraqi Stock Exchange list 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. No of Companies

Companies in the List on the Iraqi Stock Exchange	Number of Companies
Total No 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 data for verifying hypotheses are acquired employing the Iraqi Stock Exchange database. The data analysis approach is cross-sectional and year-to-year (e.g., data panel). The multivariate linear regression method was utilized to test the hypotheses, and descriptive and inferential statistical methods were employed to examine the produced data. Therefore, the table of frequency distribution 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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Research Model

Equation (1) was adopted to verify H1, and Equation (2) and (3) tested Hypotheses Model 1.

$$market\ share_{it} = \beta_0 + \beta_1 CG_{it} + \beta_1 \sum control_{it} + \varepsilon_{i,t} \quad (1)$$

Model 2

$$ROA_{it} = \beta_0 + \beta_1 CG_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t} \quad (2)$$

$$market\ share_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_1 \sum control_{it} + +\varepsilon_{i,t} \quad (3)$$

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 adopted to specify 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

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Liquidity	The availability of fund so that company can absolutely 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 irrespective of its fiscal structure	ROA= operating profit to financing costs/ total assets	Abdi et al,2020
ROE	Adopted 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)

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.

Data on Descriptive Statistics

Descriptive statistics of the main variables of the current ongoing study are uncovered 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 firm's assets are debt.

Table 2. Descriptive Statistics of Main Variables

Varbilae		Average	Mediean	STD	Min	Max
M.S	dependent	0/134	0/127	0/064	0/012	0/348

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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 3. Descriptive Statistics of Qualitiative Variables

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

Data Analysis and Key Results

Table 5 uncovers the correlation analysis of 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 4. Correlation Analysis of Variables

	M.S	CG	ROE	ROA	$qtobin$	*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**				

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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 *** illustrate statistical sig. at the 10%, 5%, and 1% levels, respectively. Resource: Study findings

The entire variables are constant, as demonstrated by the fact that the significance level is lower than 0.05 in the table above**.**

Table 5. The Findings Related to Levin, Lin Vecho's Unit Root Test for The Stability Analysis

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-P	0.000
F.T	0.000
M.S	0.000
CG	0.000

This research made use of the Durbin and Wu–Hausman test to examine endogeneity. The final outcome for equations are illustarted in Table 6. Since the p-value is larger than 0.05, there is no endogeneity for the both models.

Table 6. Results Of Durbin–Wu–Hausman Test

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

Using the results of integration tests, in Table 7, one fails to accept the null hypothesis of integrated data at the 99% percent significance level; so, estimation should be conducted by a panel data model.

Table 7. The Results of Pooling

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

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2	**3.457**	**0.000**

Because of using the random effects model, Hausman's test statistic from Table 8 equals to 3.03, for the first study model the table is high so the null hypothesis refused, it means the efficient model is random-effects.

Table 8. The Hausman Test Results

Equation	χ^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	Control	-0/001	0/005	-0/10	0/42	0/91
Lev	Control	0/063	0/293	2/13	0/033 **	1/67
Liq	Control	0/012	0/005	2/029	0/042 **	1/89
OW-STRUC	Control	0/01	0/03	0/500	0/617 **	1/67
disclosure	Control	0/001	0/052	0/003	0/997	1/65
D-P	Control	-0/001	0/004	-0/133	0/893	1/07
F.T	Control	-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 it is shown in Table 9, the VIF values demonstrate that there is no collinearity among the independent variables. This is a result of every VIF value being less than 5. Table 9 shows that the corporate Governance of Iraq, which is the independent variable, has a positive and significant association at 99% confidence with market share, the dependent variable, with 0/682 coefficients. Hence, the first hypothesis for Iraq is supported at 99% significance level. The coefficient of determination value in Iraq is that 41% of the changes in the dependent variable are explained by the independent variables of the model. Also, the variance inflation statistic values are less than 5, which means that there is no linearity between the research independent variables.

Additional Analysis

Table 10 illustrates the final result of fitting the second hypothesis in Iraqi listed companies. There is a significant correlational link among CG and market share according to the mediating role of ROA. This

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hypothesis examines the mediating role of ROA between the independent variable of CG and the dependent variable of market share.

To examine the indirect effect of the independent variable on the dependent variable, these settings must be made at first. 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 attained by multiplying the path coefficient of the independent variable's effect on the medium and the path coefficient of the medium's impacts 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) were supported, so, 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 2nd 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

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size	Control	-0/031	0/010	-2/948	0003	1/91
Lev	Control	0/087	0/037	2/318	0/021 **	1/67
Liq	Control	0/008	0/007	1/266	0/206	1/89
OW-STRUC	Control	-0/093	0/060	-1/504	0/122	1/67
disclosure	Control	0/091	0/082	0/901	0367	1/65
D-P	Control	0/001	0/010	0/109	0912	1/07
F.T	Control	-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		Cofficent	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	Control	0/004	0/009	0/463	0/643	1/41
Lev	Control	0/032	0/032	0/997	0/319	1/53
Liq	Control	0/001	0/005	0/158	0/874	1/81
OW-STRUC	Control	0/067	0/051	1/299	0/194	1/72
disclosure	Control	0/001	0/052	0/003	0/997	1/64
D-P	Control	-0/004	0/009	-0/441	0/659	1/56
F.T	Control	-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 *** illustrate statistical sig. at the 10%, 5%, and 1% levels, respectively. Resource: Research results

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Discussion and Conclusion

The study thoroughly investigates the dynamic association among corporate governance and financial performance in significantly influencing market share within the context of the Iraq Stock Exchange. Corporate governance, specifically referring to the mechanisms and practices that directly influence the decision-making processes of corporations, is widely considered a significant determinant of market share (H1). This finding is clearly in line with the literature that already exists on the importance of corporate governance to firm behavior and stakeholder trust for ultimately enhancing market competitiveness. In fact, highly effective governance mechanisms, like board independence, transparency, and shareholder rights, are crucially important in consistently building investor confidence, which strongly attracts capital and contributes to sustainably achieving growth. Secondly, it investigates the partial mediating effect of critical financial performance variables, such as ROA on corporate governance and its link to market share. The result reveals the multifaceted nature that financial performance measure impacts the nexus of governance and market share. As noted, ROA is a considerable moderator (H2), which, under the context where firms have used their assets profitably, ensures gains flowing from good governance practices are positively intensified. Such companies are better positioned to translate governance structures into concrete market advantages, including increased customer loyalty, enhanced brand reputation, and higher market share. Finally, this research contributes nuanced insights into the complex interchangebility among corporate governance, fiscal performance, and market share dynamics within the Iraq Stock Exchange. These results highlight that corporate governance mechanisms are vital to market performance; strong mechanisms of governance help build firm competitiveness and raise its market share. ROA appears to be a significant moderator, which again supports the relevance of financial performance in making the influence of governance practices stronger in their impact on market positioning. Overall, the findings of the study have underlined the strategic imperatives for firms operating within the Iraq Stock Exchange to make sure that good governance practices are pursued as a way of enhancing their competitiveness in the market for sustained 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 explains in detail how much Corporate Governance impacts market power and fiscal performance, hence giving several important managerial implications. It is considered that corporate governance is one of the crucial elements that enhance brand reputation and improve market position. In such a context, it is argued that a firm with a commitment to strong corporate governance practices has a great influence on consumer perception and hence increases the pool of its customers. This strategic alignment enhances market power and makes up a sustainable competitive advantage. The integration of sustainability within the core operations of a business makes it different from other competitors, thus enhancing its resilience and allowing for continued growth in the marketplace. It is, therefore, of essence that corporations integrate Corporate Governance strategies comprehensively into their operational frameworks. Moreover, businesses should invest in building good stakeholder relationships by making their Corporate Governance practices align with the interests of customers, employees, and the community at large, in addition to investors. Similarly, open communication and proper reporting on issues of Corporate Governance would lead the stakeholders to have faith in the authenticity of information and improve the reputation and fiscal standing of the firm in the marketplace. It also identifies the factor of corporate governance. Between corporate governance and financial performance, the mediating effect exists but does not further extend to market power. The observation creates an avenue for underlining the necessity for strong governance frameworks that will increase the effectiveness of the Corporate Governance Initiatives for desirable financial outcomes. Organisations should, therefore, invest in good governance practices like board independence, appropriate board size, and diversity and allocate resources to these areas in order to better harness and enhance the benefits derived from Corporate Governance. Managers should integrate Corporate Governance objectives into their governance frameworks and strategic decision-making processes. This integration must be accomplished by active participation of the board as well as the top management in Corporate Governance related discussions. Even though corporate governance cannot have a direct impact on market power, it is recommended that firms ought to discover other strategic alternatives like innovative product development and enhanced customer relationship in order to supplement their corporate governance efforts and help improve their position in the marketplace. In fact, this synergistic relation between Corporate Governance and financial performance shall be continually improved and enhanced toward the dynamic goals of Corporate Governance and financial targets, for which purpose governance practices have to be continuously monitored and refined. It is a process that cultivates responsibility in business and reinforces financial success.

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