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# Disclosure of non-financial risks and their role in reducing asymmetric information

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## Abstract

The disclosure of non-financial risks aims to enhance the effectiveness of financial reports with the information they provide appropriate to users. It reduces the information gap between management and external parties and the importance of disclosing non-financial risks that contribute to understanding the risks to the economic units of external parties, investors, stakeholders, and those interested in knowing the status of the economic unit to ensure that Non-financial using the method of intelligent content analysis (content Analysis Intelligent), and the dependent variable (information asymmetry) was measured through the (Borghei 2018), representing the research community (6) sectors for the years (2018-2020), through which the extent of fluctuation in the disclosure of the economic units of the value of shares will be indicated and the extent to which information asymmetry between different parties will be indicated.

**Keywords:** Accounting disclosure, non-financial disclosure, not the same information

## Introduction

Despite the importance of risk disclosure as a means of increasing confidence and transparency in annual financial reports, it has not found sufficient interest in it by professional and international organizations as it has not yet issued a structured accounting standard for the different aspects of disclosure of risks other than faced by the economic unit or shows the minimum due disclosure of risks in both financial and non-financial types, which reflects its impact on the low and different level of disclosure in the annual financial reports (Al Mallah, 2019:5), The risks point to the negative consequences caused by a particular situation: uncertainty associated with potential gains or losses, six risk classifications: (financial risks, strategic risks, operational risks, empowerment risks, information processing, technology risks and integrity risks( Kamaruzaman et al, 2019 ; 115 ) It can be said that risk disclosure means that financial reports are included in all information that has the potential to influence the uncertainty of cash flows and future profits of economic units and whether the information is quantitative or descriptive historical or future

The information disclosed by the economic units is a multi-digit strategic resource for stakeholders and for the unit itself. The levels of disclosure and its types have been revised and developed in line with the changes in the environment and the needs of stakeholders. compatibility with the entry points of uncertainty and risks and improving the ability to predict future events. In light of the expansion of disclosure and providing information to stakeholders Which accompanies the non-financial risks of the activities of the sectors, and if this disclosure exists, it is not subject to the legal obligation, as well as the lack of instructions and instructions interpreted and organized to it on non-financial risks in the absence of a quality assessment for companies listed on the Iraqi Stock Exchange, except for the banking sector and financial. The research aims to study the concepts (disclosure of non-financial risks, asymmetry of information), review some concepts, indicate the extent of disclosure of non-financial risks and their contribution to reducing the asymmetry of information, and measure (non-symmetric information) in the data of economic units. The research sample.

***Previous studies***

Study of (Leopizzi et al,2019) aimed to analysis of the disclosure of non-financial risks and the first after the introduction of the European Directive. Content analysis was used, the level of non-financial risk disclosure was verified after the introduction of the( 2014/95/EU) guidance on non-financial information, and to understand the effectiveness of non-financial risk management, future trends (past, present and future) and the type of risks were examined (positive, negative and neutral), the results found a better way to disclose the level of non-financial risk disclosure in Italian companies than before the introduction of the directive, and it also depends on the perspective of past and present, rather than the future perspective.

Study of (Zaki,2019) aims to develop disclosure related to non-financial risks to reduce ambiguity and maximize objectivity, by developing a proposed framework to improve the quality of non-financial risk disclosure. The study was applied to a sample of industrial companies listed on the Egyptian Stock Exchange. The researcher relied on the inductive approach and the deductive approach: The most important conclusions were that companies may voluntarily disclose non-financial risks, which led to many problems related to the disclosure of these risks.

Study (Assidi,2020) aimed to find a way that contributes to improving the processes of voluntary disclosure and corporate governance in France. The researcher used the analysis of the content (notes) of the selected samples based on a sample of 1001 notes for French companies. From 2006 to 2016, it contributes to guidance to investors, managers, and policymakers to increase value through the application of best practices. One of the most important findings. Study of (Romito& Vurro,2020) aimed at whether the ( non-financial disclosure structure, defined as the dissemination of financial, social, and environmental information, is part of the language of dialogue between the company and stakeholders, reduces the asymmetry of information. The method of content analysis and the method of squares were used for a sample of US companies listed in the P500&S index during the period( 2004-2014). The most important conclusions are that information does not have a negative impact on the value of the company and that the provision of information is transparent because of its positive impact on the protection of investors and enhancing the value of the company. The most important recommendations are the emergence of results in the existence of a relationship between the level of non-financial disclosure and the similarity of information. The more it expands in disclosure, the less the dissimilarity of information, and thus its impact is reflected in the provision and distribution of information in a balanced manner among different categories of stakeholders. Study of (Aureli et al,2020) aimed to reveal the existence of non-financial disclosures and what factors affect disclosure the study found through the use of content analysis method for financial reports published on websites to reveal disclosure determinants to companies with the use of the method of meeting employees variation in disclosure, the study recommended the researchers recommended the application of Spanish regulations and laws through the mandatory application of non-financial disclosure of government companies and the need to rely on a common framework for reporting information Non-financial compulsory public sector. Study of ( Huynh et al,2020) aimed to test the asymmetry of information on the value of the company, using company-wide data from 250 non-financial companies with 2,500 observations over the course of a year for companies collected from two stock markets in Vietnam covering a period of 10 years from (2008-2017), The study found that the asymmetry of information has a negative impact on the value of the company and that the provision of information is transparent because of its positive impact on protecting investors and enhancing the value of investors. The company, by using the method of analyzing the dispersion of the standard deviation to expect analysts about the profitability of the stock, recommended the provision of information understandably and comparable by companies listed on the Vietnamese Stock Exchange which has an impact on investment and attracting investors (Vázquez-Cano et al., 2020; Yang et al., 2021; Yen et al., 2021).

Study of (Ezz al-Din, 2020) aimed to examine and study what is the impact of information quality in improving non-financial disclosure in the financial reports of industrial companies. The study reached a disparity in the level of non-financial disclosure in the economic units of the Egyptian industrial sector. The researcher adopted the descriptive statistical method. The study recommended the study on the need for the Ministry of Industry to issue a guide for the Chambers of Industry and Commerce to help them develop information systems in line with the information revolution. Study of (Abd Al-Baqi, 2021) aimed to indicate the role of optional accounting disclosure in reducing the asymmetry of information in the lists of the economic unit. Through the questionnaire concluded that disclosure contributes to reducing the asymmetry of accounting information and providing that information to predict the future profits of the economic unit. The study recommended the need to emphasize the provision of accurate information to the relevant parties to reduce the asymmetry of accounting information, with the need to continue the optional disclosure.

Study of (Ahmed, 2021) aimed mainly to show the extent to which the adoption by Sudanese banks of the policy of expanding the disclosure of information, both financial and non-financial, contributed to reducing the asymmetry of information. The study concluded that through the researcher's use of the questionnaire method to collect data, there is no relationship between the expansion of the voluntary disclosure of financial and non-financial information and reducing the asymmetry of information. The study recommended increasing interest in expanding financial and non-financial information to meet the needs of its users and narrowing the information gap between the parties related to Sudanese banks. Study (Moses, 2022) aimed to research the measurement of the impact of optional disclosure in reducing the risk of asymmetry of information in order to activate the stock market, in addition to explaining the role of optional disclosure in reducing asymmetry of information in the stock market and its impact on the efficiency of the stock market, the study reached conclusions that there is a disparity in the level of optional disclosure between companies according to the characteristics of the company, and there is a disparity in the level of optional disclosure between companies according to governance mechanisms. The work of the applied study was carried out by testing a sample of companies registered on the Egyptian Stock Exchange during the financial years 2019, 2018, 2017, represented by (52) companies within the most active (100) A company listed in the EGX100 index and its importance resulted from the need for the Egyptian capital market to pay attention to voluntary disclosure and the need to overcome the problem of asymmetry of information. The study recommends motivating Egyptian companies to expand the level of voluntary disclosure of information for the purpose of reducing information asymmetry and thus attracting new investment opportunities, which results in revitalizing the stock market by setting more controls, rules and standards to regulate the optional disclosure process

***Conceptual Framework***

***Non-financial risks***

Many studies have dealt with risk disclosure and have defined non-financial risks as risks that indicate the negative effects of circumstances resulting from a particular situation to which an economic unit is suddenly exposed and has no controllable (SOLOMON et al,2000), defined as a situation in which there are no rules or regulations imposed on companies to disclose this information over a period of time, and as This is because this information helps shareholders to gain a more comprehensive understanding of the company's strategies and performance (Kamaruzaman, 2019;116). In general, the types of disclosures in annual financial reports are divided into two types (mandatory disclosures and optional disclosures). Mandatory disclosure is defined as the disclosure of the economic unit to provide the parties related to accounting information in accordance with legal provisions and regulatory requirements such as international accounting standards or IFRS. Optional disclosure practices are higher in companies with equity-based compensation in non-family businesses. (Susetyo et al ,2020;1)

***The importance of non-financial risks***

Disclosure contributes to improving financial reporting, making it more appropriate to the needs of users and more reliable, and works to increase investors' awareness and understanding of the risks to which the economic unit and mitigates the potential effects, which contributes to making positive economic decisions while providing the required funding, which is reflected in reducing the problems of reverse selection and improving the distribution of resources and efficiency of the capital market (ICEW, 2011), (Lensly & sherives,2006), The importance of non-financial disclosure is that reduces the uncertainty attached to information, reduces a phenome.nonof asymmetry between managers and investors, and reduces the little information available to investors (Enache &Husssainey,2019:2)

***Non-financial disclosure objectives***

The main objective of risk disclosure is to enhance the effectiveness of financial reports by providing user-friendly information. It reduces the information gap between management, which prepares and submits financial statements and reports, and other parties and helps investors in the decision-making process with the information it provides in the financial statements and thus improves the company's reputation and maintains its image (Peña?& Jorge &,2019:583)

***Types of non-financial risks***

Operational risks are the risks to which the economic unit is exposed, including the risks of production or non-observance of laws and compliance with them (Abdulhadi, 2021:97), Empowerment and governance risks are concerned with risks and the disclosure of empowerment risks include risks associated with leadership and management, performance incentives, communications, outsourcing and readiness for change,( Kamaruzaman et al, 2019:115)Legal risks, reputational and integrity risks are those related to failure to follow legal procedures and legislative irregularities (Zaki, 2019: 8), The risks of technology, information, and cybersecurity are the risks associated with the impact of the industry with changes in the technology in force related to the design and work of the product (Samaoudani, 2020;69). Cybersecurity risks are the practice of protecting systems and all programs and networks from cyberattacks that turn and apply over the Internet, (Latfi, 2022). Strategic risks are related to the danger of the product represented by Technological innovations, product design, and marketing. Environmental risks, health, and safety are represented by the mistakes of working individuals who are untrained and do not have the necessary efficiency (Radwan et al,2020;6-19). Environmental risks are represented by environmental resources and their exports and everything that is exported and poses damage from energy sources in the atmosphere that are caused by air pollution, water pollution, and natural resources, including emissions of gases and global warming (Zarqaoun & Qureshi, 2020:1128)

***Information asymmetry: a concept of information asymmetry***

It is a phenomenon suffered by the stock markets as a result of the imbalance between the parties involved, where one party has more and better information than the other, which leads to the amount of difference in the volume of information available to the different parties on transactions, which results in inequality for the completion of transactions (Bergh, 2019: 1). The information does not have a negative impact on the market value of the economic unit and leads to incorrect decisions by investors, which is reflected in the loss on their investments and on the value of the company's shares (Huynh et al,2020: 2) or as a result of conflicts of interest due to the separation of ownership from the company's management and shareholders do not have information similar to management. It has a strong position that enables it to make economic decisions, perform activities and achieve its goals (Idan, 2020:43)

***Reasons why information doesn't match***

The research conducted and the studies presented indicate that all transactions contain the similarity of information by one party owning information more than the other. There are reasons that lead to this, including conflicts of interest, that managers have a lot of experience and knowledge that prevent shareholders from interfering and supervising them, and the low level of disclosure to companies. Disclosure of information in quantities (song et al,2021;446). Many other reasons, including the maximization of interests or the absence of a monitoring body that prevents fraud and data manipulation, which contributes to the asymmetry of information (Ali &. Saad, , 2021:94)

***The impact of the disclosure of non-financial risks and its reflection on the asymmetry of information***

There are two types of disclosures that affect the asymmetry of information reverse selection has a negative impact when the necessary information that investors need is not provided and its impact will be reflected in reverse selection when making good investment decisions for investors, creditors, financial analysts and others, which leads to a loss in their investments as a result of making incorrect financial decisions (Huynh et al,2020:3). Ethical risks occur due to the separation of ownership from management, which results in difficulty in monitoring the performance of management directly by shareholders and investors, which creates an opportunity for management to achieve its objectives and personal interests instead of achieving the objectives of the economic unit and negatively affects the market efficiency of securities. Thus, it will lead to the collapse of the market (Naseer, 2021: 18). The expansion of voluntary disclosure contributes to reducing conflicts of interest between the parties and reducing the degree of asymmetry of information between the different parties in the company and helps investors reduce market risks to a minimum by diversifying investment portfolios (Songet al,2021;449)

## Methodology

Two main research hypotheses are based on:

H1: There is a statistically significant relationship between the total disclosure of non-financial risks according to signal theory and the value of shares sold to companies. The research sample.

H2: There is a low level of disclosure of non-financial risks according to signal theory in companies the research sample and statistical substitution. The sample was represented by (6) sectors (investment, insurance, industry, hotels and tourism, agriculture, communications) for (3) years (2018-2020). The use of the electronic program is the method of intelligent content analysis (content Analysis Intelligent), which is a computer program in which types of non-financial risks are monitored and found by entering the words of non-financial risks and discovering them in the financial statements of companies at the end of the concerned financial year.

VOLA=STDEV.P scale (daily stock returns t-1)
VOLA = stock return volatility

***Finde***

The content analysis method for corporate financial reports was used as a search sample, as the volume of information disclosed was measured by the non-financial risk disclosure index using the binary registration method for each item of the index by giving (1) in the event of disclosure of the item and (0) if not disclosed. The number of items in the non-financial risk disclosure index for research (63) was divided into six groups representing types of non-financial risks as non-financial risks were divided (operational risks, empowerment and governance risks, legal risks, reputation and integrity risks, technology and cybersecurity risks, strategic risks).Content analysisOne of the methods of scientific research aimed at objective and quantitative description of the content shown and the expression of this description with numerical data

Environmental and health and safety risks as described in table 1, and using the following equation, the total disclosure ratio of each company was measured the search sample and for each year:

$$\boldsymbol{T = \frac{NID}{TII} * 100\%}$$

T = total disclosure ratio NID = number of items disclosed TII = total index items

**Table (1).** *Non-financial risk disclosure index according to signal theory*

| N | number of items | Operational risk |
|---|---|---|
| 1 | 1 | Unexpected business interruption |
| 2 | 2 | Demand related to the production season |
| 3 | 3 | Shortage of natural resources (such as water) |
| 4 | 4 | Insufficient resources and raw materials |
| 5 | 5 | stock obsolescence |
| 6 | 6 | customers satisfaction |
| 7 | 7 | Product or service failure |
| 8 | 8 | Disclosure of internal control and the extent of risk appetite |
| 9 | 9 | human errors |
| 10 | 10 | Work environment safety and security |
| 11 | 11 | Main supplies and non-securing suppliers |
| | | Empowerment and Governance Risks |
| 12 | 1 | HR Risks |
| 13 | 2 | The risks of outsourcing |
| 14 | 3 | Employee and work environment risks |
| 15 | 4 | performance incentive risks |
| 16 | 5 | Risks of scarcity of competencies and skills |
| 17 | 6 | Communication risks between management and employees |
| 18 | 7 | Disclosure of the extent and quality of an independent department within the company to manage the company's risks |

| | | |
|---|---|---|
| 19 | 8 | Disclose the extent to which there is an independent board of directors and has the skills and capabilities to manage companies |
| 20 | 9 | Disclosure of information on the separation of roles Managing Director and Chairman of the Board of Directors |
| 21 | 10 | Disclosure of the existence of a strong and independent review committee |
| 22 | 11 | Disclose the extent of commitment to business ethics and avoiding bribery, corruption and monopoly |
| | | Legal, reputation and integrity risks |
| 23 | 1 | Information about management fraud |
| 24 | 2 | Information about employee fraud |
| 25 | 3 | Information about illegal acts and behavior |
| 26 | 4 | Reputational risk |
| 27 | 5 | Type of litigation risk |
| 28 | 6 | The number of litigation risks |
| 29 | 7 | Risks of changing existing legal requirements |
| 30 | 8 | tax disputes |
| 31 | 9 | Other compliance risks, laws and regulations |
| | | Technology and cyber security risks |
| 32 | 1 | Technology risks and system failure risks |
| 33 | 2 | The dangers of rapid development in technology Security and protection risks |
| 34 | 3 | Information system readiness risks |
| 35 | 4 | Safety and integrity risks and procedures during the operating phase of the system |
| 36 | 5 | Risks of confidentiality and privacy of data stored in the system |
| 37 | 6 | Risks associated with lack or unavailability of information |
| 38 | 7 | Risks associated with inaccuracy of future information |
| 39 | 8 | Technology and cyber security risks |
| 40 | 9 | Information and technology infrastructure risks |
| 41 | 10 | Install anti-intrusion software |
| | | Regulatory and political risks |
| 42 | 1 | environmental scanning |
| 43 | 2 | industry type |
| 44 | 3 | Competitors' behavior |
| 45 | 4 | Pricing Policy |
| 46 | 5 | Evaluation Policy |
| 47 | 6 | Strategic Planning |
| 48 | 7 | Life cycle of a product or service |
| 49 | 8 | performance measure |
| 50 | 9 | Regulatory and political risks |
| | | Environmental risks and health and safety risks |
| 51 | 1 | Percentage of new suppliers that are screened and screened using environmental criteria |
| 52 | 2 | Report on the actual and potential negative environmental impacts identified in the supply chain |
| 53 | 3 | natural disaster risks |
| 54 | 4 | Environmental Accident Hazards |
| 55 | 5 | Risks of new laws and regulations related to the environment and social aspects |
| 56 | 6 | Hazards of extreme weather conditions |
| 57 | 7 | Risks of using environmentally sensitive products |
| 58 | 8 | Percentage of the total workforce in the official committees for the health and safety management of workers that are |
| | | Workers at greater risk of occupational diseases |
| 59 | 9 | Health and safety issues covered in formal agreements with commercial |
| 60 | 10 | Assist in monitoring and advising on occupational health and safety Waste |
| 61 | 11 | Vaccines |
| 62 | 12 | Fogging and sterilizing places |
| 63 | 13 | Measures for the disease, the risks of COVID-19 |

Measuring the non-financial risk disclosure rate of Al Amin Real Estate Investments

**Table (2).** *Measuring the percentage of disclosure of non-financial risks for Al-Ameen Real Estate Investment Company*

| types of risk | paragraphs | 2018 | | 2019 | | 2020 | | Average | |
|---|---|---|---|---|---|---|---|---|---|
| | | the number | % | the number | % | the number | % | the number | % |
| Operational | 11 | 5 | 45 | 5 | 45 | 5 | 45 | 5 | 45 |
| Empowerment and Governance | 11 | 5 | 45 | 5 | 45 | 4 | 36 | 5 | 42 |
| Legal, Reputation and Integrity | 9 | 3 | 33 | 3 | 33 | 3 | 33 | 3 | 33 |
| Technology and cyber security | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| The strategy | 9 | 4 | 44 | 4 | 44 | 4 | 44 | 4 | 44 |
| Environmental health and safety | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total sum of items and percentages | 63 | 17 | 27 | 17 | 27 | 16 | 25 | 17 | 26 |

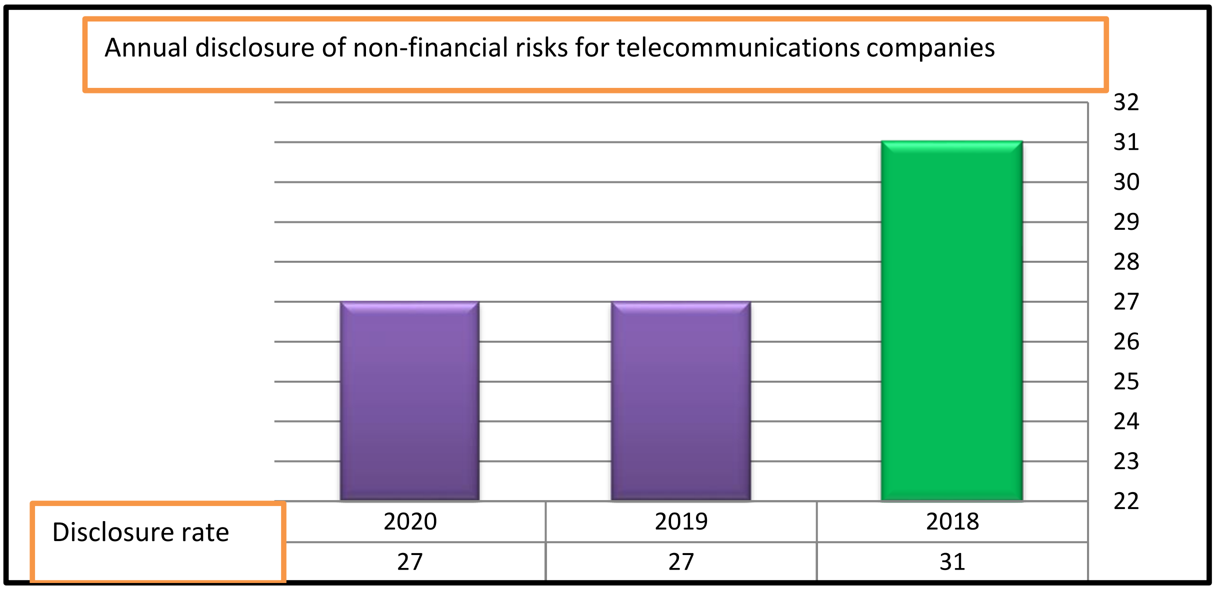
The telecommunications sector will be taken as a disclosure sample, and it will be found that non-financial risk disclosure ratios were the overall disclosure of non-financial risks to telecommunications companies.

**Table (3)** *Average total disclosure of non-financial risks for telecom sector companies*

| Types of risk/ the year | 2018 | 2019 | 2020 | Average |
|---|---|---|---|---|
| Operational | 45 | 41 | 41 | 42 |
| Empowerment and Governance | 41 | 32 | 32 | 35 |
| Legal, Reputation and Integrity | 33 | 28 | 28 | 30 |
| Technology and cyber security | 30 | 25 | 25 | 27 |
| The strategy | 44 | 44 | 44 | 44 |
| Environmental health and safety | 0 | 0 | 0 | 0 |
| Total sum of items and percentages | 31 | 27 | 27 | 28 |

The table above shows the level of total disclosure of non-financial risks to telecommunications companies for all years of research. The percentages of total disclosure of non-financial risks to telecommunications sector companies did not exceed the mid-level threshold for all years of research. This indicates that the senior departments of telecommunications sector companies choose the information they want to highlight through the quality and quantity of information disclosed about the risks surrounding them in proportion to their interests away from the interests of uninformed parties with the exception of environmental and health risks, telecommunications companies have focused on all types of disclosure of other non-financial risks. The average total disclosure by telecommunications sector companies of non-financial risks for the years of the research period is shown in the points below:

1. The overall average disclosure of all types of non-financial risks (28%) and for all research years.
2- The highest average disclosure of non-financial risks to telecommunications sector companies was the disclosure of strategic risks at (44%). For each year of research, the lowest average disclosure of non-financial risks to telecommunications sector companies, the disclosure of environmental risks and health and safety risks was (0%) and for all research years, which is an indication of the lack of interest of.
3. Average disclosure of operational risks, enabling and governance risks, legal, reputational, and technology risks to telecommunications companies recorded low rates of (42%), (35%), (30%) and (27%) respectively, and for all research years. These low percentages reflect the lack of interest of the departments of telecommunications companies in



providing useful information to uninformed parties outside the company about these types of risks they are exposed to, which is a sign of the existence of bad information about the risks that occur for internal reasons, the risks of developing the skills of employees, the risks of management or employee failures, the extent to which

The figure above shows the annual disclosure rates for non-financial risks to telecommunications companies. Overall disclosure rates for non-financial risks to telecommunications companies were very low for all years of the research period. The lowest annual disclosure rate for non-financial risks to telecommunications companies was in (2019 and 2020), (27%) and for both years. The highest annual non-financial risk disclosure rate was recorded in 2018 at (31%). Although the annual disclosure ratios of telecommunications companies are the highest compared to other sector companies, the research sample is low, it needs more attention. One of the most important reasons for the low disclosure of non-financial risks of telecommunications sector companies is that the disclosure of non-financial risks to companies listed on the Iraqi Stock Exchange is not bound by laws binding on fraud disclosure.

***Measure the dependent variable (no information symmetry)***

To measure the dissimilarity of information, the researcher is based on the measure of the volatility of stock yields and based on the study of) Borghei et al, 2018).

The volatility of the returns of shares is calculated by calculating the daily return of shares of companies. The research sample for each year of research. The researcher uses the following equation to measure the unsimilarity of information: -

VOLA=STDEV.P (daily stock returns t-1) %
VOLA = stock return volatility.
STDEV.P = standard deviation.

$$\boldsymbol{STDEV.P}: \boldsymbol{S_x} = \sqrt{\frac{\sum(x-\bar{x})^2}{n-1}}$$

Daily stock returns = (opening price - closing price)
t-1 = returns calculation period

STDEV.P =Standard deviation is defined as the square root of data variation or the square root of the average boxes of deviation of values from their computational medium

Daily stock returns = daily return on shares (opening price - closing price). Asymmetric information for search sample companies will be measured in detail and according to tables (2) and as it comes. Asymmetric measurement of information for Asiacell Communications: Table (5) shows a measurement that is not as similar to the information as Asiacell communications and as it comes

**Table (5).** *Asymmetric measurement of Information for Asiacell Communications*

| **Year** | **2020** | **2019** | **2018** |
|---|---|---|---|
| VOLA | 0.135 | 0.110 | 0.098 |
| Average VOLA | | 0.115 | |
| overall average | | 0.162 | |

Source / prepared by the researcher based on the Iraq Stock Exchange website

The volatility of asiacell's stock returns recorded a gradual rise for the three years. The lowest rate recorded in 2018 was (0.098), while the year (2020) recorded the highest rate of (0.135). The company's average stock return volatility was 0.115 lower than the overall average of 0.162 research sample companies, an indication of the low problems of information sharing between informed parties within the company and those not informed outside it.

Asymmetric measurement of the information of The Ring Communications Company: A table () shows a measurement that is not the same as the information for the ring communications company as it comes

**Table (6).** *Information asymmetry measurement for Al-Khatim Telecom Company*

| Year | 2020 | 2019 | 2018 |
|---|---|---|---|
| VOLA | 0.244 | 0.185 | 0.004 |
| Average VOLA | | 0.145 | |
| overall average | | 0.162 | |

Source / prepared by the researcher based on the Iraq Stock Exchange website

The volatility of al-Khatami Telecom's stock returns has been on the rise for the past three years. The lowest rate recorded in 2018 was (0.004), while the year (2020) recorded the highest rate of (0.244). The company's average stock return volatility was 0.145. down from the overall average of 0.162 companies, an indication of a decrease in information sharing problems between informed parties within the company and those not informed outside the company.

**First hypothesis test**:"There is a statistically significant relationship between the total disclosure of non-financial risks in accordance with the signal theory and the value of the shares sold to the research sample companies.

To test the hypothesis above, the researcher uses the Statistical Program (SPSS.25) and uses pearson correlation to test the strength and direction of the relationship between the two variables (total non-financial risk value of shares sold to company's research sample):

**Table (7).** *Pearson Correlation Test for the first hypothesis*

| | | |
|---|---|---|
| **sNon-financial risk** | **.4860** | **0.000** |
| **The value of the shares sold** | | |

Pearson Correlation test results show a correlation between non-financial risk disclosure in accordance with signal theory and the value of shares purchased by investors with a correlation factor of 0.486 and a moral allowance of less than (0.000) less than (0.05), That is, the increase in non-financial risk disclosure according to signal theory is offset by a rise in the value of shares sold to research sample companies.

The first research hypothesis, which states, "There is a statistically significant relationship between total non-financial risk disclosure according to the signal theory and the value of shares sold to companies is accepted.

The second hypothesis test/ "There is a low level of non-financial risk disclosure according to the theory of reference in the companies sample research and statistical allowance." To test the second hypothesis, the researcher uses spss.25 and uses the statistical test (One-Sample T-Test) to measure the level of non-financial risk disclosure according to the company signal theory of the research sample, the researcher determines the ratio (50%) as an acceptable level of disclosure of non-financial risks according to the signal theory and as a test value for the implementation of the test.

**Table (8)**. *One-Sample Test for the second hypothesis*

| **Test value = 0.5** | | | | |
|---|---|---|---|---|
| independent variable | average | average difference | morale level | Statistical significance |
| Disclosure of non-financial risks according to the signal theory | 0.2221 | 0.27792- | 00.000 | statistically significant |

The table above shows the results of the statistical analysis of the One-Sample Test; the computational average level of non-financial risk disclosure according to the company signal theory of the research sample (0.2221); and the test results show that the difference between the assumed average and the average sample is (- 0.27792), a morally significant difference (0.000) less than (0.05). The second research hypothesis, which states that "there is a low level of non-financial risk disclosure according to the theory of reference in the companies, is accepted as a research sample and a statistical indication.

## Recommendations

are poorly concerned about disclosing non-financial risks to company's sample research and clearly as the overall average disclosure of non-financial risks was 22% and for all years what is an indication that companies own a search sample for private information that is not disclosed to unconsceive parties. The table above shows the level of total disclosure of non-financial risks to telecommunications companies for all years of research. The percentages of total disclosure of non-financial risks to telecommunications sector companies did not exceed the mid-level threshold for all years of research. This indicates that the senior departments of telecommunications sector companies choose the information they want to highlight through the quality and quantity of information disclosed about the risks surrounding them in proportion to their interests away from the interests of uninformed parties with the exception of environmental and health risks, telecommunications companies have focused on all types of disclosure of other non-financial risks. The average total disclosure by telecommunications sector companies of non-financial risks for the years of the research period is shown in the points below:

1- Companies that disclose more information about non-financial risks give a signal to investors who are not informed of their credibility and reduce the uncertainty reflected in the increase in the value of their shares.
2- There is a discrepancy in non-financial risk disclosure between the research sample sectors, which is an indication of a problem that does not match the information between the research sample sectors.
3- There is an effect of disclosing non-financial risks in the asymmetry of the information of the research sample companies. Non-financial risk disclosure reduces investor uncertainty

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