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The guide draft of IFSC is a fundamental response to the activation of corporate governance in Iraqi Tourism companies

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Abstract

Corporate governance is the way of progress for individuals, institutions and society as a whole. The mechanisms of corporate governance provide individuals with an appropriate amount of assurance to achieve reasonable profitability for their investments while at the same time working on the efficiency and soundness of institutions' performance. Thus, it supports the stability and progress of financial markets, economies and societies. The study aims to shed light on the principles of corporate governance guide draft issued by the Iraqi Financial Securities Commission (IFSC) to show their strengths and shortcomings in comparison to the principles of the Organization for Economic Cooperation and Development (OECD) on governance. The research method included a comparison of the principles of OECD and IFSC and data collected from a sample of Iraqi Tourism to show the application level of the principles of corporate governance in these Tourism. The research concluded that the guide draft of the principles of corporate governance prepared by IFSC was considered a serious attempt to deepen the concept of institutional governance and mechanisms to practically apply this concept in the Iraqi companies. The research also revealed a high level in the application of corporate governance principles by most Iraqi Tourism.

Keywords: Tourism, corporate governance, tourism regulation, board of directors, shareholders' rights, investor protection, agency problems.

Introduction

The interest in governance has increased over the past few years. So, the provision of a legislative and legal environment that ensures the regulation, efficiency and oversight of financial markets has become a prerequisite for their success by attracting savings, capital, foreign investment and channeling these into different areas of investment in the national economy.Therefore, the importance of the commitment to governance as a system of rational management is to restructure the board of directors, protect the minority rights, enhance the control procedures, and promote transparency, disclosure and equality of opportunities both in listed and unlisted companies. In this regard, the big challenge is to identify international standards adopted in governance of companies, best practices, adapting them to commensurate with the local companies' characteristics, ownership patterns, financial markets and established norms, with a view to develop a fully integrated legal framework appropriate for localization of governance. These are critical issues in a world dominated by millennials who are demanding (Nicolaides, 2013). Different financial crises have occurred in many companies, especially in developed countries, such as the financial collapses that took place in a number of East Asian and Latin American countries in 1997, the crisis of Enron Company in the United States in 2001, and the crisis of the WorldCom American Corporation for Communications in 2002, as well as the recent financial crisis that hit most of the global financial markets. These crises led to a huge lack of confidence in the various financial markets and the departure of investors from them as well as lack of confidence in the accounting and auditing bureaus due to the distrust in the accounting information contained in the financial statements of different companies. However, the widespread financial and administrative corruption in all areas of the Iraqi economy reflects negatively on the reputation of the financial market in Iraq.

Therefore, Iraq needs to establish efficient and effective system of governance and develop a guide to its rules in line with the requirements and recommendations of the principles universally recognized, such as those issued by (OECD). This study aims to shed light on a significant system of powerful governance to achieve compatibility and balance between conflicting stakeholders, and indicate the strengths and shortcomings in the draft of corporate governance guide's rules issued by IFSC in comparison with the principles of OECD. This study then moves to reveal the extent of application of corporate governance principles in the Tourism listed in the Iraqi Market for Financial Securities (IMFS).

Background of research

After the writings of Jensen and Meckling (1976) about the proposition of the theory of the firm on the basis of the existence of interests divergence between different contracting parties (specifically corporate managers, shareholders, and bondholders), much literature has evolved to explain the nature and causes of those conflicts and the means that can be used to solve them. McColgan (2001) introduced an overview of the major literature that has evolved in the field of agency theory and corporate governance for the last 25 years and discussed causes of problems between contracting parties. Brennan (1995) argued that the agency's problems appeared due to the impossibility of fully contracting for all actions of the agent whose decisions affect both his/her own well-being and the welfare of the owner. Thus, how to induce the agent to act to achieve the owner's interests is arisen from this problem.

In spite of the problems of the agency, the modern company with dispersed ownership of shares which lead to such conflicts, have continued to spread among managers of companies and external investors alike. This can be attributed largely to the evolution of corporate governance mechanisms which aim to control such problems. This was confirmed by Roussey (2000) and Sullivan (2001) who indicated that corporate governance dealt with problems arising from the separation of ownership from management. Niu (2005) agrees with these two scholars that corporate governance rules reduce conflict of interests between management and shareholders and these rules are very useful and deterrent when managers attempt to harm shareholders' interests. Bonazzi and Islam (2007), show that solving the agency problem is made through activating the application of one of the internal mechanisms of corporate governance which is the board of directors.

Gillan and Starks (2003) also discussed what conflict of interests stakeholders face in companies, as well as the problems arising from the agency, based on different stakeholders' objectives and their lack of understanding about the preferences and behaviors of each group independently. This study sought to introduce large shareholders as one of the affecting external factors, identify the roles which must be entrusted to them in the area of corporate control and supervision, and identify the conflicts of interests for mitigating agency problems. Al-Tamimi, (2008) and Gobrie and Nicolaides, (2014) also dealt with the conceptual framework of the agency theory and the concept of governance by defining the agency theory, its philosophy, problems arising from it and its associated costs, as well as introducing the concept of governance, its foundations and principles and suggesting appropriate mechanisms for implementing them in the state owned companies in Iraq.

Although agency theory is the dominant perspective in corporate governance studies (Hoskisson et al. 2000), Davis et al., (1997) indicated that agency theory was recently criticized because of its limited ability to explain the psychological mechanisms inherent in the fundamental interactions between agent and owner. For example, as was confirmed through the agency theory, the external directors with the legal authority alone did not have sufficient experience and rarely had social relationships with senior managers. Thus, the supervision theory has been proposed as an alternative to the perspective of the agency theory. The supervision theory assumes that managers are good rulers for companies; they are trustworthy and work diligently to achieve high corporate profits and returns of shareholders. These rulers can cooperate and work closely with the owner to achieve the goal. In a pilot study Tian and Lau (2001) showed that the shareholders of Chinese companies found that supervision theory gained stronger support against the agency theory. Abdullah and Valentine (2009) reviewed the literature that included a set of theories on corporate governance. The review began with agency theory and then developed into supervision theory and stakeholder’s theory. Then it evolved into the theory of resource dependence and the theory of profession ethics. These theories dealt with all the causes and effects of variables such as members the board of directors, the audit committees, the autonomy of managers, the role of top management, and its social relations, indicating that the existence of a set of different theories to describe good governance is better than relying on one theory alone.

The principles of corporate governance and good practices have become increasingly important over time and their importance is increasing in developing countries, after they have been widely accepted in developed countries, especially after the emergence of financial crises. Due to the fundamental importance of corporate governance in advancing economies and societies a number of developed and emerging countries have become interested in establishing good rules and applications to achieve the stability of markets in those economies. However, there is no single model for sound corporate governance, but at the same time, the tasks undertaken in the OECD countries have resulted in defining some of the common elements that determine the nature of sound methods of corporate governance. The principles formulated by that organization were based on those elements. Further, the formulation of the principles was adapted to accommodate different models (OECD, 2004).

Aldrighi (2003) pointed out that over the past decade there were a number of interconnected events which have turned the tide in favor of the US corporate governance model because of its indisputable technological leadership in key sectors largely due to the strength of its capital markets. Despite the high praise, the US model of corporate governance is not immune to internal audit weaknesses and strict constraints on shareholders to be active in the accountability of managers.

Frynas (2005) believes that the idea of providing one set of standards for assessing the governance of listed companies in the capital market around the world is very attractive. Investors and publicly traded companies have become active in increasingly integrated global capital markets. But, the pursuit to find a single set of global governance standards is misleading, and the application of a unified standard to assess investor protection worldwide is doomed to failure. Regional forums organized by the OECD around the world in Asia, Latin America, Southeast Europe and Asia showed that the quality of local corporate governance was important to the success of development efforts on the long-term in all the world of developing countries (Al-Raheeli, 2005). Gilson (2000) also argued that quality of the local corporate governance system strongly affected the characteristics of the capital markets, particularly in providing access to external capital.

Clarce (2016) discussed the theoretical viewpoints that advocated or opposed the inevitability of convergence between governance systems and the resilience of cultural and corporate diversity. He also examined the universality of the governance system whether it is desirable or not and emphasized the importance of continuous diversity of corporate governance through important analyses to stimulate financial forces that create affinity among the vital institutions. Phan (2014) described the regulatory and structural environment in Singapore and presented an empirical guide on corporate governance practices in many areas such as ownership structure, disclosure practices, the role of the board of directors, planning for stock selection and the effect of ownership of governmental companies. He also discussed the impact of corporate governance reforms in Singapore on future practices and future concerns. Mashhadani (2007) proposed a framework for the governance of listed companies in the Iraqi financial market in light of determining the level of contribution of the legal and regulatory framework that governs the activities of the market and its listed companies in establishing the principles of governance and the relevant detailed standards.

Manners (2008) also established a proposed general framework for the institutional governance system appropriate for application in Palestinian Tourism. Miceli and Leal (2007) examined the voluntary adoption of corporate governance in Brazil and concluded that in recent years there was an increase in the overall level of corporate governance in Brazil, albeit at a slow pace. Moreover, they did not notice the convergence towards voluntary adoption of corporate governance practices, leading to higher heterogeneity in the quality of corporate governance in general among Brazilian companies (Thijeel, Flayyih & Talab, 2018).

Mohamed and Abd El-Ridha (2016) found that regulations and laws are the main safety valve for good corporate governance, and disclosure and transparency standards and efficient accounting standards are the core of corporate governance principles. Nikitin and Weiss (2004), explained the link between weak corporate governance with dispersed ownership of shares, weak regulatory control and a legal system that was unable to protect the rights of those shareholders. If ownership is dispersed, individual owners cannot or do not wish to exert pressure on management of the company to improve its performance. However, concentrated ownership may not be the right solution to address these problems if dominant shareholders are suffering from poor governance. Berglof and Claessens, (2004) and also Perks and Ferreira (2017) , showed that the problems of implementing contracts affected the companies which looked for sources of external finance and the weakness of implementation environment made it difficult for those companies to commit themselves to execute the financial contracts, and therefore the ability to attract sources of external finance. In light of this, the study provided a framework to understand and implement corporate governance rules and suggested what could be done to develop corporate governance mechanisms in a weak implementation environment (Talab, Flayyih & Ali, 2018).

Importance of the principles of corporate governance as a guide is due to the continuous increase in the attention given to the concept of governance, a number of international institutions have been keen to consider and analyze this concept. On top of the list of these institutions the International Monetary Fund (IMF), the International Settlements Tourism (BIS) represented by the Basel Committee, the International Finance Corporation (IFC) and (OECD), that issued the principles of corporate governance to in 1999 thus assisting both member and non-member countries within the organization to develop legal and institutional frameworks for the application of corporate governance in both public and private companies, whether they are traded or non-traded in financial markets through the introduction of a number of guidance lines to strengthen corporate managements and efficiency of the financial markets and stability of the economy as a whole (Henama, 2018). The principles of corporate governance and good practices have become increasingly important over time and their importance is increasing in developing countries, especially after they had got widespread acceptance in developed countries particularly after the emergence of financial crises. Because of the fundamental importance of corporate governance in advancing economies and societies, a number of developed and emerging countries have been interested to establishing new rules and applications to achieve the stability of markets in those economies.

As the Arab countries came out burdened with the remnants of colonialism from backward administrative systems and methods, good corporate governance affects growth rates and supports development as economies in transition. This has urged a call for efforts to improve governance (Al-Taie, Flayyih & Talab, 2017).

The most important issue was the efforts made in the Arab region in cooperation with the Center for International Private Enterprises (CIPE) as an institution associated with the work of the American Chamber of Commerce (ACC), as well as intellectual centers, other associations and federations of businesses and labors. The Organization of Economic Cooperation and Development (OECD) in collaboration with the World Tourism (WB) through two major initiatives, the Global Governance Forum and the Roundtable Series, with the support of the International Finance Corporation (IFC). The Middle East and North American Region (MENA) falls under the Roundtable Initiative about corporate governance to help decision-makers from the public and private sectors in their efforts to improve governance.

There is no doubt that the availability of internationally accepted standards for assessing governance of the companies listed in the capital markets around the world will help many to understand and apply these standards. Investors and publicly traded companies are increasingly working in integrated global capital markets. Although the past decade has witnessed growing use of global governance standards that largely originated in the United States to assess the extent to which countries and companies around the world have succeeded in protecting small investors, but these efforts have overlooked some fundamental differences between companies controlled by a major shareholder and large-scale companies which are lacking such a dominant aspect. The arrangements that benefit investors in large-scale companies may not be applicable to companies controlled by a major shareholder and may be subversive, and vice versa (Frynas, 2005).

As far as the corporate governance research works of the World Tourism in Tourism is concerned, in the years 2003-2006, the World Tourism carried out a number of corporate governance studies in various countries around the world. By the end of June 2009, the World Tourism conducted (66) evaluations in (55) countries around the world to identify weaknesses that could contribute to the economic and financial weakness of the country. A report was presented to assess the governance through reviewing the legal and regulatory frameworks as well as practices and compliance in the listed companies (McGee, 2009).

Country participation in the assessment process and the publication of the final report were voluntary. Corporate governance assessments focused on listed companies in the capital markets and could also include specific sectors such as Tourism, other financial institutions or state-owned enterprises. These assessments were standardized and systematic (Moolman, Hattingh & van der Walt, 2017).

Research methods

This part of the research is based on the components of the corporate governance studies conducted by the World Tourism in the years 2003-2009 to reveal the level of corporate governance practices in Iraqi Tourism. A survey questionnaire was prepared containing (21) paragraphs distributed on the five principles of OECD. The questionnaire classified the application of corporate governance practices in three categories: Fully applied, partially applied and not applied. Each category is assigned a score such as follows (Fully applied = 3, Partially applied = 2, Not applied = 1), (Flayyih, Mohammed & Talab, 2019). If Tourism obtained the highest scores for each paragraph of the (21) paragraphs, the degree of governance would amount to 63 (21×3), which was the optimal grade. On the other hand, the lowest possible grade was 21 (21×1). The average scores were determined by dividing the total number of scores per Tourism by (21) (number of paragraphs). While, the percentage was calculated by dividing the total scores for each Tourism by the total scores (63). This represents the full scores if the Tourism will achieve (3) scores in each of the (21) paragraphs of the questionnaire.

Discussion and analysis of results

This section compares the corporate governance principles of OECD and those of the draft of IFSC. Next, it analyzes the application level of the principles of corporate governance in Iraqi Tourism.

Comparison of the principles of OECD and IFSC

The non-mandatory corporate governance principles issued by OECD in 1999 and amended in 2004 are the most important historical phases of corporate governance. These principles are considered as practical reference guides and standards of good practice in the field of corporate governance. The research works conducted by OECD emphasized the importance of local corporate governance for sustained growth of productivity in the developing world. Also, regional forums organized by OECD on governance in Asia, Latin America, South-East Europe and Russia showed that the quality of local corporate governance was very important for the success of long-term development efforts in the various countries of the developing world today (Al-Rahili, 2005).

The draft of corporate governance guide in Iraq was prepared in 2016 by IFSC. This guide works to limit the ability of the executive management to exploit the company for their own interests, which can lead to the preservation of the rights of the various parties in the company from the shareholders or bond holders and its customers as well as the management of companies and their employees. The draft of the guide includes eight chapters, the first of which was devoted to the definition of some terms. The second chapter was entitled "Meetings of the General Authority". The third chapter presents shareholders' rights. The forth chapter deals with management of the company. The fifth chapter focuses on the internal control. The sixth chapter is devoted to the external auditor, and the seventh chapter disuses disclosure and transparency. Finally, the eighth chapter deals with the stakeholders. Table (1) presents a comparison of the principles of corporate governance issued by IFSC with the principles of OECD as a product of the efforts and expertise of international organizations that guide many countries in the world.

Table 1. Comparison of the draft of corporate governance guide in Iraq with OECD principles of corporate governance.

Principles	Organization for Economic Cooperation and Development (OECD)	Governance Principles Guide in Iraq
Ensure an effective framework for corporate governance	- A framework for corporate governance should be developed to affect the total economic performance and soundness of the market.	The guide draft did not include a paragraph of the assurance of an effective corporate governance framework.
Shareholders Rights	- Availability of the basic rights of shareholders that include: providing the methods of registering ownership, transfer of ownership of the shares, obtaining the company's information in a timely and regular manner, participation and voting in the general meetings of shareholders, election of the members of the Board of Directors and acquiring shares of corporate profits. - Shareholders have the right to participate and obtain sufficient information about decisions relating to the fundamental changes in the company. Shareholders should be given the opportunity to participate effectively and vote in the general meetings of shareholders, Capital structures and arrangements should be disclosed to enable a certain number of shareholders to exercise a degree of control that is not commensurate with the ownership rights they hold. Also, markets should be allowed to control companies to operate effectively and transparently.	The draft contained most of the rights listed in the international principles. None of the rights were referred to as fundamental, as well as listing additional rights for the shareholders: -Election of the external auditor at the meeting of the general assembly. - Preference for shareholders when subscribing to new issues of the company according to their contributions. - Participation in the public offering (Subscription). - Protection of small shareholders in case of merger of companies or the disposal of one of its main assets.
Fair treatment of shareholders	- Shareholders of the same category must be treated equally. - Shares should not be traded in a non-disclosure or transparent manner. - Members of the Board of Directors or Executive Directors should be required to disclose the existence of any interests of their own that may relate to transactions or matters affecting the Company.	There is no corresponding paragraph in the draft guide
Role of stakeholders in corporate governance	- The corporate governance framework should confirm the respect of stakeholders' rights that are protected by law. - When the law protects the rights of stakeholders, they should have access to compensation in case of violation of their rights. - The corporate governance framework must allow the existence of mechanisms for stakeholder participation, and in turn these mechanisms ensure the improvement of performance levels. - When stakeholders participate in the corporate governance process, they must be given access to relevant information.	- It is preferable for the company to establish an appropriate mechanism to enable it to treat other stakeholders equally and without distinction between them. - The executive administration must establish a clear financial and administrative system that ensures respect for the rights of other stakeholders. - It is desirable for the company to inform its employees the procedures that it establishes in order to enable them to choose their representatives, provide their incentives, health insurance, pension system or the system of annual bonuses. It is also desirable for the company to develop a punitive system aiming to deter and prevent any violation by its employees and provided announcing this system in advance. It is preferable that the

		Board of Directors lists the issue of reviewing the relationship of the company with the stakeholders on the agenda of one of its meetings during the year.
Disclosure and transparency	- Disclosure must include (but it is not limited to) the following information: - The financial and operating results of the company. - The objectives of the company. - The right of the majority in terms of contribution. - The right of correction. - Members of the board of directors and the chief executive officers, salaries and benefits given to the members of board of directors. - Perspective risk factors. - Material issues related to employees and other stakeholders. - Corporate governance structures and policies. - Information should be prepared, reviewed and disclosed in a manner consistent with accounting and financial quality standards. - An annual review process must be carried out through an independent auditor. - Information distribution channels should ensure that information users have access to them at the appropriate time and at convenient cost.	The company must comply with the disclosure requirements contained in the regulations, laws and instructions in force, including disclosure of material matters and periodic disclosure of financial statements and what should be included in the annual report of the Board of Directors. - It is preferable that the company should have a website on the internet to publish all information, reports and documents that are considered public. -It is desirable to disclose social responsibilities at least once a year in the annual report. In addition, the company should declare its social and environmental policy clearly, not misleading and it can be applied in the long term and consistent with the laws in force.
Responsibilities of the Board of Directors	The principle focused primarily on the basic functions that the board should be involved in, including: reviewing and directing corporate strategy, business plans, risk policy, annual budgets, activity plans, setting performance objectives and following up the implementation and company performance. Also the board of directors should be responsible for supervising the capital expenditure, acquisitions and sales of assets, selection of key executives, determination of salaries and benefits, review of salary levels and benefits of executive officers and board of directors members, follow-up and management of the different conflict of interest images, and ensuring soundness of accounting and financial reports of the company. The requirements of these matters are the existence of an independent auditor, and finding the appropriate control systems.	The draft specified the number of members in the board of director. It is preferable that the board includes two independent members. The draft also explained the experience and skills they should have, their isolation cases, the voting method, duration of the board, the precise authorities of the board members, its committees and the number of its meetings. In addition, the draft gave the board of directors the rights to form permanent and temporal committees from its members, in particular the audit committee of accounts, the rewards committee, the risk committee and the governance committee. It is desirable that the company's bylaws contain specific and precise authorities for the members of the board and its committees and clearly distinguish them from the authorities of the general director and senior executives in the company.

By comparing the draft of Corporate Governance Guide in Iraq and the OECD Corporate Governance Guide and despite of the similarity between the two guides, there is also a set of differences between them:

-The guide draft is arranged in (8) chapters, not principles, while the principles of the OECD include (6) principles
- The guide draft begins with an introduction. The first chapter contains a set of definitions for some of the terms mentioned in the guide. Chapter 2 is devoted to the requirements related to the meetings of the general commission, while there is no equivalent to this in the principles issued by OECD.
- The guide of OECD sets out a principle for equal treatment of shareholders while these requirements are incorporated into shareholders' right in the draft of corporate Governance Guide in Iraq.
- The requirements of the chapter on stakeholders in the guide draft were more detailed than the requirements of the third principle of OECD principles. Although, most of these requirements did not come in the form of requirement except for one paragraph concerning the need to establish a clear financial and administrative system by the executive management and the corporate governance committee ensures that the company's recruitment system is in place.
- A paragraph contained in the guide draft favours the disclosure of social responsibility in the company's annual report, and the company's environmental and social policies are formulated in a clear and applicable form. While the principles of OECD did not reference to social accounting.
- The guide draft contains a chapter on internal control detailing the role and functions of the internal audit unit of the company, while the principles of the OECD did not include a similar principle.
- The Guide draft contains a chapter on the external auditor that clarifies the requirements for the appointment and duties of the external auditor. While the principles of OECD did not include a similar principle.

The evidences and frameworks of corporate governance and the required reforms cannot be placed in isolation from the environment in which they operate. While some legislations may seem ideal in terms of rules and regulations in an environment, their performance in terms of application, compulsion, perception of investors and practices of companies to them show a different picture in another economic environment. Therefore, the difference between the requirements of the draft of Corporate Governance Guide prepared by IFSC and the Corporate Governance Principles of OECD does not underline the importance of this draft, which is a serious attempt to deepen the concept of corporate governance and the application mechanisms of this concept practically in Iraq.

Application level of the principles of corporate governance in Iraqi Tourism

The data obtained by the research sample of Tourism through the questionnaire are analyzed and results presented in this section. Table (2) shows the total number of scores obtained for each principle of the five principles by the research sample Tourism and the ratio of the total scores in each paragraph to the ideal upper grade of 60 (20×3) and the general average for each principle.

Table 2. Level of corporate governance practices in Iraqi Tourism

	Principles	Total scores	%	General rate of the principle
First	**Shareholders' rights**			
1	Basic rights of shareholders.	48	80%	
2	Participation in the decisions related to the fundamental changes in the company.	47	78%	
3	Provide the opportunity for shareholders. to actively participate and vote in public shareholders' meetings.	47	78%	
4	Control arrangements allowed to operate.	47	78%	80%

5	Shareholders shall take into account the costs. and benefits of exercising their right to vote.	52	87%	
Second	**Equitable treatment for all shareholders**			
1	All shareholders are treated equally.	52	87%	82%
2	Attend the trading from the inside and prevent any exchange operations aimed at achieving the interests of people related to the company.	49	82%	
3	Members of the Board of Directors are required to disclose any material interests or transactions and affecting them affecting the company.	47	78%	
Third	**The role of stakeholders in corporate governance approaches.**	54	90%	90%
Forth	**Disclosure and transparency**			
1	Disclosure should include, but not be limited to, the company's core information.	52	87%	92%
2	Preparation, review and disclosure of information in accordance with accounting and auditing standards.	59	98%	
3	Conducting the annual audit by an independent external auditor.	60	100%	
4	External auditors can be questioned.	55	92%	
5	Channels of communication provide fair access to information and access by users of such information in a timely manner.	49	82%	
Fifth	**Responsibilities of the Board of Directors**			
1	Members of the Board of Directors make their decisions based on complete information, honesty, responsibility and due diligence.	59	98%	90%
2	The treatment of all shareholders is fair, since the decisions of the Board of Directors have a different effect on the different groups of shareholders.	53	88%	
3	Apply high ethical standards	53	88%	
4	The Board of Directors shall ensure compliance with applicable laws taking into account the interests of the parties concerned.	53	88%	
5	The Council fulfills a number of core functions.	50	83%	
6	To exercise objective judgment on the affairs of the company independently of the executive management.	58	97%	
7	Members of the Board of Directors shall receive information about the company's activity in a timely manner in order to support the decisions they make.	51	85%	

Source: Constructed from survey results

Table (2) shows that the shareholders' right principle achieved the lowest level of application 80% of the optimal upper class followed by the equal treatment principle for all shareholders with 82%. Both the role of stakeholders in the methods of corporate governance and principle of the Responsibilities of the Board of Directors amounts to 90%. Then the principle of Disclosure Transparency achieved the highest level of application of 92%.

Table (3) shows the total scores, average and percentage of the governance practices in the research sample Tourism.

Table 3. Governance practices in the research sample Tourism

Tourism name	Total points	Average	Percentage%
Baghdad	50	2.381	79.37
Iraqi Islamic Tourism	61	2.905	96.80
Middle east	51	2.429	80.95
Iraqi Investment	53	2.524	84.13
Al Ahly Iraqi	55	2.619	87.30
Credit Tourism of Iraq	57	2.714	90.48
Dar Esalam Investment	49	2.333	77.78
Sumer Commercial Tourism	52	2.476	82.50

Babylon	61	2.905	96.83
Economy	56	2.667	88.89
Gulf Commercial	56	2.667	88.89
Mosul	57	2.714	90.48
Union Tourism of Iraqi	56	2.667	88.89
North Tourism	61	2.905	96.83
Ashur International	54	2.571	85.71
AL- Mansour	52	2.476	82.54
United Tourism for Investment	56	2.667	88.89
Elaf Islamic	52	2.476	82.54
Dijla & Furat	52	2.476	82.54
Kurdistan International	54	2.571	85.72

Source: Constructed from survey results

Conclusion

Of the important reasons for the collapse of many economic entities are the lack of application of accounting principles, lack of disclosure, transparency and absence of real data and information that reveal the financial positions of these economic entities. This is reflected in a number of negative effects, the most important of which is the lack of confidence in accounting information. Therefore, the establishment of the concept of governance in general and the adoption of a set of principles for it in particular in the light of its rules and characteristics contribute to the identification and distribution of rights and responsibilities between different parties in companies such as the board of directors, managers, shareholders and other stakeholders. The principles and rules of governance vary from country to country. In some countries it may take the form of laws, and in other countries they are in a form of instructions according to the different environmental conditions of each country. Thus, the search for a single set of global governance standards is misleading.

By comparing the draft of Corporate Governance Principles prepared by IFSC with the principles of governance of OECD, the research found that deficiencies existed in the details of the audit committee that plays a role in enhancing the effectiveness of governance through its contribution to increase the effectiveness of the internal and external auditor, help the board of directors members to implant the works entrusted to them, ensure the quality of financial reports and enhance stakeholders' confidence in these reports. However, the draft of Corporate Governance Principles prepared by IFSC is a serious attempt to deepen the concept of institutional governance and the mechanisms of applying this concept in practice.

There is high level of corporate governance practices in Iraqi Tourism, despite the fact that the principles of OECD are non-binding guidance and the reason is that the concept and principles of corporate governance in Iraq are present in a number of laws, regulations and their amendments. The most important of which are: Financial Securities law No (74) for the year 2004, the Companies Law No. (21) for the year 1979, the Investment Law No. (13) for the year 2006, the instructions of the financial Securities Commission No. (8), the disclosure for companies listed on the stock market for the year 2010, the instructions of the Central Tourism and other laws and regulations related to the governance of Iraqi companies directly or indirectly. The researcher recommends conducting more research and studies on the possibility of applying the principles of corporate governance issued by IFSC and to subject them to ongoing amendments to suit changes in both the local and global economic environments.

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