

Fair value and its impact on the behaviour of the investment decision maker

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Abstract: The study is intended to investigate the impact of applying fair value, as represented in two dimensions: the relevance of fair value accounting, and the obstacles confronting fair value accounting on investment decision making, for which the hypotheses of the study has been confirmed. The problem focusses on the impact of ambiguous standards, accounting disclosures, and the lack of credibility and reliability of investment decision making. The study is also intended to determine the positive effects of applying the fair value in terms of achieving quality in profits and enabling investment decision making to take correct decisions. The study attempts to investigate the role of fair value in determining the actual value of the entity depending on the market value of bank assets so as to improve future expectations and compare with other banks that depend on fair value. A questionnaire has been distributed to a sample of 70 individuals working at commercial banks in Karbala, Iraq. of accounts and auditors and investment decision-makers. we used multiple regression and the backward method in our statistical analysis. The study asserts the necessity to have legislation related to fair value and that consolidates the concepts of fair value and the ways in which this can be measured in banks through additional training courses.

Keywords: fair value, behaviour of the investment decision maker.

القيمة العادلة وأثرها على سلوك صانع القرار الاستثماري

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المستخلص: هدفت الدراسة إلى تقصي أثر تطبيق القيمة العادلة، والمتمثل في بعدين: مدى ملاءمة محاسبة القيمة العادلة، والمعوقات التي تواجه محاسبة القيمة العادلة على اتخاذ قرارات الاستثمار، والتي تم تأكيدها في فرضيات الدراسة. وتركز المشكلة على أثر المعايير الغامضة، والإفصاحات المحاسبية، وعدم مصداقية وموثوقية اتخاذ القرارات الاستثمارية. كما هدفت الدراسة إلى تحديد الآثار الإيجابية لتطبيق القيمة العادلة من حيث تحقيق الجودة في الأرباح وتمكين متخذ القرار الاستثماري من اتخاذ القرارات الصحيحة. تحاول الدراسة التحقيق في دور القيمة العادلة في تحديد القيمة الفعلية للمنشأة اعتماداً على القيمة السوقية لأصول البنك وذلك لتحسين التوقعات المستقبلية والمقارنة مع البنوك الأخرى التي تعتمد على القيمة العادلة. تم توزيع استبانة على عينة قوامها 70 فرداً يعملون في البنوك التجارية في محافظة كربلاء العراقية. وشملت المحاسبين والمرجعيين وصناع القرار الاستثماري. استخدمنا الانحدار المتعدد والأسلوب الخلفي في تحليلنا الإحصائي. تؤكد الدراسة على ضرورة وجود تشريعات تتعلق بالقيمة العادلة والتي تعزز مفاهيم القيمة العادلة والطرق التي يمكن بها قياس ذلك في البنوك ويكون من خلال دورات تدريبية إضافية.

الكلمات المفتاحية: القيمة العادلة، سلوك متخذ القرار الاستثماري.

1- Introduction

This paper starts by presenting some of the concepts that advocate or oppose the use of fair value in accounting practices, and its usefulness in providing information needed for investment decision making because the estimate of assets value depends on the market value, so future expectations are improved, as are the associated management decisions. Tamimi & Nasser (2015) point out that fair value plays a part in the estimation of fixed assets according to international accounting standards, which makes information relevant and objective, maintains working capital, and faces the challenges of inflation and ability by replacing obsolete assets with new ones. When reviewing a number of studies that explain the associated theoretical aspect in detail, we noticed that the decision maker is typically influenced by a number of concepts related to fair value, and could face ambiguity regarding international standards and the related disclosures or incredibility by estimated fair value.

In addition, the decision maker may be affected by the behaviour and feelings of individuals which can potentially influence their behaviour deeply. The decision maker, in the end, is a human being with human feelings, and can affect and be affected by the organizational environment around them. Decision making plays an important role in practicing the administrative process, where the success or failure of any given organization can be attributed to those decision makers taking central decisions. It is noteworthy that the behavioural and emotional attitudes influence the decision maker whose thinking is greatly affected by his mood (Hassan & Ajji, 2013).

2- Fair Value as a Theoretical Frame

Triyuwono & Sukoharsono (2015) and Vera (2013) have pointed out that the accounting system, as based on fair value, is designed to provide useful information for investment decision making as it measures market information, discloses the original market price of assets and demands, it is highly transparent in providing deeper information for investors concerning the prevailing market value, and also presents better expectations. One of the problems related to the measurement of fair value is the non-observability of market value, which may affect management decisions and may create a certain controversy within a number of companies for not applying this approach as it requires costly technical infrastructure with precise financial information technology systems.

Al Karawi (2019) believes that measurement at fair value provides increased transparency in financial reports, and in general it shows the current value of a specific asset or liability, and as a result supports investors' decisions in capital markets, and the objective of fair value accounting is to estimate prices at the best possible price when Change the positions that are being traded in structured transactions based on current information and conditions. The application of fair value measurement ensures a higher degree of transparency of the financial statements, which in turn should lead to an increase in the value of the accounting data and a better ability in the financial markets to reflect the actual value of the economic

unit, and the intensive use of fair value reports would increase the amount of private information entered into Public ownership, which leads to a more efficient allocation of resources and capital formation.

The application of fair value can increase company profits, as well as the chance to take certain investment decisions; it also eliminates fraud, and provides balanced benefits for internal and external parties. However, one of the obstacles preventing the application of fair value is the attempt to avoid the acknowledgment of market losses, and also that the fluctuation of high profits related to low market value is considered a danger that can ultimately risk bankruptcy. So, if it is possible to re-estimate assets using fair value, their value will affect the paid tax, require a fair value base from companies, measure and include an increase or decrease in the value of assets and demands with reference to market price. Furthermore, Hersh (2017); Skoda & Slavikova (2015); Ali& Abbas (2015) have pointed out that fair value is timely determined and depends on the marketplace, so will change from time to time. A company's financial data that uses the fair value method can affect the financial status of that company significantly. The estimation of the quality of fair value depends on its utility to investors when making investment and credential decisions. Most empirical studies have focused on banks that consist mainly of assets and demands, as measured through fair value as this increases the quality of financial reports. The fair value of securities traded in the market is considered the most credible measure by investment decision makers, and further the fair value of derivatives can be positively related to the stock market despite the estimation of fair value becoming difficult if there aren't any active markets. Moreover, fair value can help during a financial crisis through the exploration of healthy and unhealthy companies, allocating resources, achieving financial stability and, more importantly, enables investors to make sound decisions. Bandyopadhyay et al. (2017) argue that fair value accounting helps managers present any available internal information to markets in a credible manner by stating the current value in financial data which, in turn, is reflected in the effective contract among parties as lenders and borrowers. Modifications to fair value in real estate investment can help predict future results in a better manner, and this is positively related to financial flows. Argimo et al. (2017) pointed out that by applying the principle of fair value, companies can set limits on gains and losses on securities in order to maintain the capital capacity to absorb losses, and that banks can acquire the recognized securities at fair value to avoid risks. Ayres (2017); Zyla (2009); Abbas et al. (2019) showed that the estimation of fair value improves prediction and provides additional information at appropriate times, in contrast to historical cost measures that are not particularly precise. Terms of fair value may increase profit fluctuation so that prediction becomes difficult. Due to the importance of fair value, the council of Financial Accounting Standards has broadened the use of fair value measures to include derivatives, precaution, stock choices, and financial assets. Furthermore, fair value estimation has a positive effect on information in an environment of analysts as they receive relative information on time and can consequently relate their profit expectations to comprehensive movements of variables such as total economic variables and interest prices. The inclusion

of fair value in financial data requires a large investment in the appropriate systems in order to detect, estimate, and record fair value disclosures, and to obtain a useful measure in prospective economic times. McGee & McGroaty (2017) and Bratten (2016) have pointed out that fair value prevents users of financial data from using the values reported to reasonably speculate on the choice of future securities. It has also been noticed that fair value differences are larger for companies that adopt less-developed accounting systems, or work in a more complicated reporting environment. Companies that gain other smaller and younger companies in the current financial year display larger differences in fair value that are also obtained when planning financial reports of reduced quality. Chircop & Novotny-Farkas (2016) have argued that fair value ensures the protection of bank capital against losses in debt securities available for sale. Couch & Wu (2016) have pointed out that fair value in demands enables companies to increase acquired sums through increasing the financial sensitivity and making necessary procedures to face financial weakness. This can be achieved through effective strategic treatment of information provided by fair value for decision making. Moreover, Ehalaiye et al. (2017); Al-masoodi et al. (2020) has said that fair value is constituted by the substitution of expected financial flows related to assets and demands, and this is very important to investors in terms of the relationship between fair value and stock price, or market value for companies. Values are compared to historical cost concepts and this has led to the prediction of financial flows and profits in the future. Kohlbeck et al. (2017) has argued that the use of fair value helps auditors avoid partiality when estimating the risks associated with certain assets, and additionally fair value disclosure provides market participants with useful information. Krapl & Salyer (2017) have pointed out that the use of fair value helps companies take precautions, and face financial risks related to fluctuation in exchange rates. Laux (2016) has added that fair value minimizes the unity of financial crisis and can help increase financial stability. These results have been obtained from a number of empirical papers, especially those discussing the financial crisis of 2007-2009. McDonough & Shakespear (2015); Abbas et al. (2018) pointed out that advocates of fair value believe that it represents a character that is closely related to measures for the purpose of financial reporting because it increases transparency through providing timely information. On the other hand, its opponents assert that some fair value measures are not useful to investors because the credibility of such estimations decreases when they become susceptible to error and manipulation, or when they cannot be verified. In particular, it has been noticed that price decreases in the context of fair value estimations are difficult to verify as they are affected by managements' ability to estimate inputs and measure errors. The market and credit risk models adopted by financial associations reinforce the relation between stock returns and gains and losses of fair value unachieved by financial tools. Roggi & Giannozzi (2015) assert that the value of securities is determined using the principle of fair value, and that assets value can be estimated using three methods, one of which is the hierarchy of fair value; namely, that market price is guaranteed when included in a liquid active market, but if the price isn't available, the price of similar financial tool included

in a liquid active market can be used instead, or the price of a comparative recent transaction among the ready parties. When such information is not available, fair value can be estimated through financial and statistical models; this method requires the use of assumptions that are generally not disclosed to investors, and this may lead to greater variance in information between that provided by the company and the financial markets themselves. Siekkinen (2016) argues that the Council of International Accounting Standards refers to the importance of using management's estimation authority in fair value accounting so as to increase the value of financial information when transferring investor-related information. However, fair value accounting can be misused in the light of International Standards of Financial Reporting, for example, bad managers may resort to negative profits management to increase their wealth at the expense of shareholders. The Council of International Accounting Standards has set the requirement for new fair value by approving the international standard (no. 13) of financial reporting. This is a joint project between the Council of International Accounting Standards and the Council of Financial Accounting Standards for the financial periods starting from 15 November. According to this project, all companies are required to present the hierarchy of fair value in the light of the data used to measure it. The hierarchy of fair value is as follows:

- A. prices included in active markets
- B. inputs, other than included prices, that are examined directly or indirectly, or the market included prices of similar assets or demands.
- C. unobserved inputs. Such information in the fair value hierarchy provides investors with transparent information about the sums relating to fair value assets, and the evaluation methods used to determine a sum regarding fair value. It is noteworthy that studies have shown the importance of fair value in the context of standard 157. It has also been noticed that whilst the information provided by the hierarchy of fair value is relevant, this relevance decreases when descending through the hierarchy.

Hamad & Al-Ani, (2014) Believes that investors are looking to financial information from a broad global investment perspective, and for this reason, it was important to use internationally recognized accounting standards in their preparation and since financial markets are an important mechanism in developing the national economy, it is possible to identify the importance of the interrelationships between fair value accounting and markets Financial. The fair value reflects market assessments of prevailing economic conditions exactly as changes in fair value reflect the effects of economic changes when they occur because fair value is usually determined in an open and competitive market that reflects economic facts.

Wang & Zhang (2017) have pointed out that fair value accounting influences authorization disputes between managers and shareholders by influencing the quality of financial reports and also company decisions concerning debt structure. The increase in use of fair value in financial data is related

to the increased demand for transferable debts, and short-term debts that are paid mainly according to fair value measures at the second and third levels. Such results show that the incredibility of fair value procedures leads to the increased demand for debt structure tools that minimize disputes about the beneficiary's authorization. It has been noticed that the negative relation between the use of the third level and fair value measures, and the advantage of transferring debts or their due times is the most evident feature of companies' problems. Zhang & Andrew (2016) have shown that the modern standards of fair value set by the International Accounting Organization can be considered a means to understand the role of accounting in political economics. Broadly speaking, these results can be used to help formulate political aims and make decisions. Qashlan (2011) believes that fair value standards to have gained extreme importance in Jordan, where several areas of legislation have been set regarding fair value in order to organize its use and minimize cases of error and confusion.

Qashlan (2011) pointed to the importance of fair value standards through a set of points:

- 1- The fair value reflects the financial market's estimate of the present value of the expected cash flows of the financial instruments.
- 2- Fair value information assists decision-makers in making comparisons between financial instruments that have the same economic characteristics, regardless of their purpose, when they were issued or purchased and by whom.
- 3- The fair value provides a neutral basis for assessing the efficiency of management in managing money by clarifying the effects of its decisions to buy, sell or hold financial assets and incur financial obligations, keep them and pay them.
- 4- The use of fair value in the financial report on all past and present operations and events and following one evaluation approach at all times improves the characteristic of comparability and consistency in following the pattern.
- 5- The fair value approach provides investors with awareness, insight and a future predictive view of the value of the enterprise, and is characterized by its reliance mainly on current market prices as a fair and appropriate measure of fair value, provided that an active and organized market is available and that the current prices are based on correct information under the assumption of market efficiency.
- 6- Fair value accounting plays a role in enhancing transparency in the economy by specifying necessary requirements for disclosure and presentation of financial information, just as it sets specific requirements for recognition and measurement of financial information.

3- Behaviour of Investment Decision Makers

Takemura (2014) believes that behavioural theory constitutes the main part of psychology; indeed, the popularity of behavioural decision theory has increased recently in the U.S. and Europe. Experiments and analytical research have proven that the decision-making process is influenced by the behavioural and psychological sides of a decision maker as well as the environmental factors surrounding him. Pennings et al. (2003) have shown that psychological structures, beliefs, and characteristics of managers influence their choice among a group of available decisions by affecting their ability to balance the dimensions of each choice to reach the perfect, or at least best, one. DeBondt et al. (2013) explained that behavioural changes related to the workplace such as passion, social commitment, ambiguity, problems, psychological pressures and forgetting resulted from growing older or from partiality in decision making influencing the thought processes of a decision maker. Morton & Fasolo (2009); Rosak-Szyrocka et al. (2020); Rosak-Szyrocka & Abbase (2020) believe that psychological pressures and strain at work affect the stability of decisions and judgments made by managers because having to deal with a lot of information and data can result in overload and confusion, in addition to the fact that the ambiguity of such data and the limited time allocated for decision making may lead to errors and other problems during the decision-making process. Sharm & Nandi (2018), Weiss (1986) and Koch & Kleinmann (2002) have all pointed out that there are three forms of behaviour that can affect the decision-making process:

- A. partiality in individual decision making: this is reflected in the disappointment resulting from the gap between what is required and what is achieved due to being partial to some factors and considering them a referential point of comparison just because they have a behavioural effect on a person. When the person is questioned is not being rushed to make the decision, they are able to reach an optimal state of decision making through continuous review, where this state can eliminate the impact of behaviour on decision making (i.e., it is essentially objective). When a decision maker seems hesitant despite the clarity of available data, this means that they are being affected by behavioural factors either related to themselves or to others who influence their personalities. The fear of taking risks to increase returns is related to certain internal fears, as the fear of loss is considered a behavioural obstacle to decision making that makes persons stick to previous decisions; this may lead to crisis because of the organization's inability to meet environmental changes. Limited rationality is another obstacle, which is a behavioural state that renders people unable to develop their skills or benefit from available information and opportunities because of their apparent inability to recognize them. Another state is blind trust in certain states that previously had positive effects on a decision maker and that may make them trust those states or persons despite changing circumstances; these changes go unrecognised, thus leading to errors.

- B. social preferences: The behaviour of a decision maker is affected by aims they decide and observations they receive, as well as the way they build interactions with other people. Social preferences are methodological effects that play a significant role at the economic level. Group behaviour and social comparison have an evident influence on the behaviour of the decision maker. In addition, organizational justice is one of the most important factors influencing the relations between managers and individuals, as well as any decisions being taken. Justice makes people provide decision makers with accurate data, which, in turn, has a positive effect on making sound decisions.
- C. Organizational Culture: this is a crucial process for all the operations of large organizations. Upon reviewing several research papers, it has been found that American companies have a culture of adventure and taking risks to gain profits. This is reflected in bold decisions that lead to higher profits in the future. By comparison, most Chinese companies, as a result of the Chinese philosophy tending to avoid the unknown, prefer the middle position because this is highly affected by the doctrine of Chinese culture: "going farther is as bad as going far enough", which affects the behaviour of the decision maker.

Human behaviour, whether in individuals or groups, can easily be deflected from rationality and disposition towards one's own advantage. As a result, it is necessary to turn to motivation, training, and developing intellectual capital through enhancing self-motives to be able to survive in complex and highly dynamic circumstances. Small differences in behaviour may lead to huge consequences for companies, whereas a certain lack of sophistication and an element of irrationality in the personality of a decision maker may lead to constraints that affect production (Monahan, 2018). Huddy et al. (2013) believe that if the decision maker follows what rational choice methods dictate, he may feel satisfied that his decisions are appropriate to circumstance, like increasing the benefits of most people that may be rational. However, Castlema et al. (2015); Al Hasnawi & Abbas, (2020) note that decision makers face risky choices, as different from ambiguous choices where the latter result from a lack of information. Ambiguity represents a challenge in investment decision making, which is why decision makers almost invariably attempt to avoid it.

Decision-making processes penetrate into the activity of the organization continuously. Such processes are not limited to a particular person or administrative level but are widely used by everyone in achieving tasks. In order to make a decision, information should be available at a suitable time and place, either by depending on pure judgment or a more scientific approach. It can be said that the life of individuals and human history as a whole are the result of accumulated choices and decisions, whether conscious or unconscious, for every individual. Our age is the age of mind and soul, the values on which we depend to make decisions may be different from the past. Thus, humanity develops under the influence of contemporary emotions that make our minds focus on intrinsic natural wisdom and intuition.

Hence, we make decisions through our emotions, logic, intuition, and endless wisdom that evolves from internal entities and not through the human mind, which includes the two cerebral spheres. The left cerebral sphere is responsible for the functions of mind, logic, data analysis, whereas the right sphere is responsible for wisdom, intuition, and natural sensitivity (Hassan & Ajji, 2013).

Castleman et al. (2015); Mendoza (2018); Qin et al. (2017); Abdulhassan & Al hasnawia (2020) all point out that the organization possesses feelings and emotions because it consists mainly of human resources. Accordingly, emotions are expected to perform an important role in determining the tasks performed by decisions makers. This is the way through which we perceive things, and it is not things themselves that affect our behaviour in terms of disturbance or stability. If we compare these opinions with decision makers, we notice that they are not disturbed by making decisions, but rather by the opinions and behaviours they adopt concerning their results on their organizations. It is noteworthy that rational choice theory is criticized for its lack of description power. In some situations, individuals may not reach the best of decisions due to partiality. The results of their decisions may show a certain rationality, but they are not rational in themselves; despite this, they should not be considered illogical because they are not random and can be predicted.

Nchensh, (2019) indicated that the accounting information, especially related to fair value, is the main pillar in the decision-making process. It is considered one of the important and reliable information, it is through the fair value that future prices can be predicted and at the same time it is highly reliable for the investment decision-maker. There are a number of steps taken to take an investment decision:

- 1- Determine the main objective of the investment.
- 2- Gathering appropriate information for decision-making.
- 3- Determine the appropriate factors through which the basic factors controlling the decision are determined.
- 4- Evaluating the expected returns for the available investment alternatives.
- 5- Choose the appropriate investment alternative for the goals.

4- Methodology of Research

4-1 the research problem

- a. the various requirements of fair value international standards make understanding ambiguous.
- b. ambiguity in accounting disclosures related to fair value.
- c. low credibility in fair value estimations due to reliance on experts' opinions, or changes in market prices.
- d. the influence of a decision maker's behaviour in light of various financial statements and data, as well as choices, which may form obstacles to making correct decisions.

4-2 Importance of Research

The importance of this research lies in the exploration of the impact of fair value on the behaviour of investment decision makers. Decision makers may be affected by the amount of information in financial statements and the ambiguity of certain accounting standards, which may influence the focus of accountants in their attempt to reach appropriate choices. Our study also focusses on determining the factors influencing the decision-making pattern and how to use them to increase the effectiveness of the decision maker, and to increase their efficiency, in addition to knowing the extent to which fair value financial reporting can provide users with useful information for good economic decision making, and knowing the reasons for using fair value.

4-3 Objectives of Research

The research aims at diagnosing the basic points related to the application of fair value that hinders the behaviour of investment decision makers. It also attempts to determine the ways through which treatments can be found, and illustrate the positive aspects of fair value that support the behaviour of investment decision makers. The research tries to point out the flaws in the behaviour of decision makers by showing how this can be affected by obstacles and the relevance of fair value. It also suggests solutions to improve the use of rational aspects of decision makers and to minimize the dominance of psychological factors that affect them, and to enhance the transparency of bank financial data.

4-4 Hypotheses of Research

- a. First hypothesis: there is no immaterially statistically significant positive relation between the relevance of fair value and behaviour of investment decision makers.
- b. Second hypothesis: there is no immaterially statistically significant negative relationship between the obstacles that hinder the application of fair value and the behaviour of decision makers.
- c. Third hypothesis: there is no immaterially statistically significant influencing relationship between the relevance of fair value and the behaviour of decision makers.

4-5 Study Sample

A questionnaire has been distributed to a sample of 70 individuals working at commercial banks in Karbala, Iraq. of accounts and auditors and investment decision makers.

5- Measures and Stability of research

Researchers have depended on authorized international scales to examine variables. All research scales have depended on the Likert quinary scale. The scales used are:

- Fair value: the independent variable with its dimensions (relevance for decision making, obstacles confront its application), each dimension includes eight passages (Saim & Abdullatif, 2011) the scale is used for that dimension.
- The behaviour of the decision maker: the dependent singular variable (with no sub-dimensions) (French et al., 1993) the scale is used for that variable. Table (1) presents a detailed explanation of the scales and the values of Cronbach alpha as used to measure the stability of the scales. According to table (1), all values are accepted.

Table (1). Scales used in the research with Cronbach Alpha values

Variable	Sub-dimensions	Source	Cronbach alpha value	
1	Fair value	Saim & Abdullatif, 2011	Relevance for decision makers	0.70
	Obstacles that hinder its application		0.71	
2	Behaviour of decision maker	Singular variable	French et al. 1993	0.86

*Source: Researchers analyzing data using Spss software

5-1 Descriptive statistics and correlations among study variables.

Table (2) shows the correlation matrix and descriptive statistics of variables, knowing that the researchers have depended on the supposed mean (3) to find out the awareness of the sample concerning the research variables.

5-1-1 Relevance of Fair Value to Decision Maker:

The general scored mean for this dimension is 3.10. The scored mean is higher than that supposed which reflects the awareness of the sample concerning the importance of fair value and its relevance to the behaviour of the decision maker in the banks studied. This is supported by the standard deviation (0.80), which shows the convergence of points of view regarding the importance of that dimension.

5-1-2 Obstacles that hinder the application of fair value:

The scored mean of this dimension is 3, and is equal to the supposed mean (3), which shows that the sample is aware of the obstacles that limit the application of fair value. This is supported by the standard deviation (0.58), which reflects the convergence of points of view regarding this dimension.

5-1-3 The Behaviour of the Decision Maker:

The scored mean is 3.10, which is higher than the supposed mean (3), and which shows that the population behaves in a particular way when making a decision related to the organization. This is

supported by the standard deviation (0.42), which reflects the convergence of points of view regarding the strength of this dimension.

Table (2) shows the correlation matrix, arithmetic mean, and the standard deviation of the research variables (n = 70)

Variable	Relevance of Fair Value	Obstacles that hinder the application of fair value	Behaviour of Decision Maker
1 Behaviour of decision maker	0.403**	-0.20**	1
2 Arithmetic mean	3.10	3.00	3.10
3 Standard deviation.	0.80	0.58	0.42
**Immaterial impact at level (1%)			

*Source: Researchers analyzing data using Spss software

5-2 Examination of research hypotheses

Researchers have depended on a number of statistical methods to examine the hypotheses as follows:

- a. There is no immaterially statistically significant correlation between the relevance of fair value and the behaviour of the decision maker.

Table (3) shows the results of the correlations between study variables, which reflects an immaterially statistically significant positive correlation at a level of 1% between the relevance of fair value and behaviour of decision maker. This means that the hypothesis is incorrect and the alternative hypothesis is accepted, i.e., the one that refers to the immaterially statistically significant positive correlation between the relevance of fair value and behaviour of the decision maker.

- b. there is no immaterially statistically significant correlation between obstacles that hinder the application of fair value and the behaviour of the decision maker.

Table (3) shows that there is an immaterially statistically significant negative correlation at a level of 1% between the obstacles that hinders the application of fair value and the behaviour of decision maker. This means that the hypothesis is incorrect and the alternative hypothesis is accepted, i.e., the one that refers to a statistically significant negative correlation between obstacles that hinder the application of fair value and the behaviour of the decision maker. This means that whenever obstacles increase, the behaviour of decision maker will be affected negatively.

- c. there is no immaterially statistically significant influencing correlation between the relevance of fair value and the behaviour of the decision maker.

To test that hypothesis, researchers have used a regression equation through the use of multiple regression analysis, and a backward omission method that eliminates the dimensions whose influence on the approved variable is immaterial (Field, 2013). The influence of independent variables on the approved

variable is measured through t values calculated for multiple regression analysis. The R-squared coefficient (R²) is also used to measure the explanatory power of independent variables on the dependent, as determined through the statistical program SPSS V.25.

Table (3) multiple regression analysis using the backward omission method between the dimensions of fair value and the behaviour of the decision maker

Coefficients					
Model	Unstandardized coefficients		Standardized Coefficients	T	Sig.
	B	Std. Errors	Beta		
Constant	2.922	0.282		10.357	.000
Relevance of fair value for decision maker	0.223	0.057	0.425	3.922	.000
Obstacles that hinder the application of fair value	-0.175	0.078	-0.243	-2.240	.028
Dependent Variables: behaviour of decision maker					
R²= 0.22					

*Source: Researchers analyzing data using Spss software

The following may be noted from the table:

- 1- the first model includes the dimensions of the independent variable (fair value), and shows that the regression coefficient of the relevance of fair value for the decision maker, and the obstacles that hinder its application, are immaterial at levels of 1% and 5%, so there is no need to omit any of them.
- 2- The table includes the following information:
 - The regression coefficient of fair value relevance for the decision maker on the behaviour of decision maker is 0.223. This means that the behaviour of the decision maker in the study society will increase by 0.223, in which case more attention should be given to preparing financial statements according to fair value as this is the most relevant to the decision maker. It is noteworthy that this influence was immaterial at a level of 1% since the (t) value calculated for regression was 3.92, which becomes immaterial at the mentioned level.
 - The regression coefficient of the obstacles that hinder the application of fair value on the behaviour of decision maker is -0.175. This means that the behaviour of the decision maker in the studied society will reduce by 0.175 if the obstacles increase in preparing financial statements. This influence becomes immaterial at a level of 5% since the (t) value calculated for the regression coefficient is -2.240 and this is immaterial at the mentioned level. Thus, researchers infer that this hypothesis is incorrect, and that the alternative hypothesis is accepted, so the fair value influences the behaviour of the decision maker.

5-conclusion

Reliance on fair value provides real financial indicators based on market reality, and the political, governmental, and economic changes affecting them. The principle of fair value provides precise information about the organization value in general, so that decision makers can reach the correct decision. Meanwhile, it is important to minimize the negative behavioural effects that constitute an obstacle to the application of fair value. In a practical sense, a large number of interviews were conducted with a number of investment decision makers in banks, and we have found that some of these individuals do not fully understand all the standards of fair value or encounter difficulty in estimating the market price for certain investments and securities because the demand for them is weak, or they are infrequently traded on the Iraqi money market; this may lead to poor estimations as such investments might be estimated at less than their original value due to irregular fluctuations in the market. It might also be noted that many of the accountants responsible for the estimation of fair value do not possess sufficient knowledge and experience in this regard, which leads to frequent misestimation. To address these issues, there should be intensive training courses conducted by universities, particularly the accounting department colleges, in cooperation with the central bank in order to improve the skills of accountants in estimating fair value. Moreover, fraud may lead to incredibility of estimation of fair value, especially in Iraq which is considered one of the most corrupt five countries in the world according to the Transparency International Indicator (2017), and ranks 169 out of 180 internationally. The lack of rigid procedures to fight corruption has allowed the estimation of fair value to become a vector for financially corrupt deals. Thus, financial corruption, especially in banks, is one of the most significant obstacles hindering the correct application of fair value. The above-mentioned obstacles and the results of the practical aspect have created doubts amongst investment decision makers concerning fair value indicators. This will influence their behaviour in such a way as might result in a poor or incorrect decision that will have a significant effect on the banking field in the future. A decision maker may be influenced by consultations with other accountants whom they trust, but they might not understand the standards of fair value sufficiently to ensure that errors are prevented. It has also been found that most decision-makers are influenced by the behavioural aspects, in particular due to the stresses they may be subject to from higher positions to present some special benefits, which may make them susceptible to behavioural complications, mental chaos, and emotional exhaustion. As a result, the disappointment they feel may lead to them making poor or incorrect decisions. When checking the companies guide to commercial banks on the Iraq Stock Exchange (2018), we found that a lot of banks haven't entirely accurately disclosed their data concerning changes in fair value of financial assets in their income statements, so that they are not committed to accounting disclosures in an exact way. In addition, Iraq lacks the appropriate international legislation related to fair value, and consequently more effort should be exerted to explore such legislation, either in Iraq or in neighbouring countries, and to set new legislation to control fair value.

Our current study is the first of its kind to link the impact of fair value with the behaviour of the decision maker. This is noted when reviewing various of the studies mentioned in the theoretical aspect. Our study is designed to determine the extent to which fair value affects decision-making behaviour and provides the information necessary to make decision making more appropriate. Conversely, fair value indicators may act as a constraint on decision making when the decision maker is unaware of the fair value indicators or the decision maker has been influenced by the behaviour of the individuals around him in the work environment. Organizational culture plays an important role in influencing decision-making behaviour.

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Appendix: Questionnaire:

Independent variable: Fair value	
First dimension: Agreement of participants on the role of fair value in making accounting information more relevant	
1	information on fair value accounting includes information related to decision making.
2	the use of fair value accounting leads to greater precision in choosing among alternative decisions.
3	the use of fair value accounting helps decision makers minimize uncertainty related to decision making.
4	information on fair value accounting helps decision makers on the suitable time.
5	fair value accounting should present published annual financial statements without delay.
6	fair value accounting should issue reports every half or quarter year without delay.
7	the predictive value of fair value information helps decision makers make future predictions.
8	use of fair value accounting provides decision makers with assurance about or the correction of previous expectations.
Second dimension: Agreement amongst respondents on the existence of obstacles that hinder the application of fair value	
1	ambiguity in practice is due to the multitude of requirements required by international standards of financial reporting related to measuring or disclosing fair value accounting.
2	ambiguous disclosures related to fair value in international standards of financial reporting.
3	low credibility of fair value estimations compared to historical cost information.
4	information about fair value is not objective and cannot be proven and financial statement are susceptible to forgery.
5	reliance on self-assumptions in determining fair value in the case of re-estimating fixed assets as properties and equipment.
6	lack of a market price for some financial tools makes the application of fair value accounting difficult.
7	reliance on market prices or expert's opinions in estimating the fair value of certain assets such as land and plants.
8	there are no sufficient marked conditions regarding the use fair value accounting.
Dependent variable: Behaviour of decision maker	
1	do you enjoy making decisions?
2	do you depend on "intuition" when making decisions?
3	do you prefer to consult others when making decisions?
4	do you stick to your own decision regardless of what may happen?
5	if you find only one choice available, do you apply it?
6	do you keep calm when facing work pressures to make a decision quickly?
7	do you feel in control of things?
8	do you make decisions according to your ideas regardless of the practical difficulties?
9	do you make decisions without considering all the associated impacts?
10	do you change your mind over time?
11	do you prefer safe choices if any exist?
12	do you prefer to avoid making decisions if you have the opportunity?

Independent variable: Fair value	
13	do you plan properly before making decisions?
14	when making decisions, do you prefer your first and second choices?
15	do you keep searching for something better even if you found a good approach?
16	do you find difficulty in thinking in a clear way if you are asked to make a decision quickly?
17	do you form an opinion about things regardless of others' beliefs?
18	do you avoid consulting others regarding decisions?
19	do you consider all pros and cons before making decisions?
20	do you believe that repeating practical decisions is more important than making new ones?
21	do your decisions make operations logical and tradable?