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The Effect of Corporate Governance in Islamic Banking on the Agility of Iraqi Banks

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Abstract: The primary purpose of the research is to investigate the effect of the quality of corporate governance in Islamic banking on the agility of Iraqi banks. For this purpose, the structural-equation-modeling (SEM) method was used to investigate the effect of independent variables on the dependent variable. The statistical population of this study is all managers, employees, and customers of the public and private banks of Iraq, and a total of 70 questionnaires were included and analyzed to test the paper's hypotheses. The research results indicate that corporate governance in Islamic banking has a positive impact on the agility of Iraqi banks, meaning that with an increase in corporate-governance mechanisms in Iraqi Islamic banking, the capability of banks to make timely reactions to potential changes is likely to increase. In this regard, the provision of various services in a flexible and snap manner to a wide range of customers, the acceptance of innovation and IT-related processes, the identification and application of environmental opportunities, and having a culture of learning and cooperating are expected to be realized by improving the quality of corporate-governance mechanisms. Our findings may apply to policymakers to improve market efficiency through designing regulations and bank managers to increase their general performance. The current paper is among the initial attempts to determine the influential factors on bank agility in emerging markets.

Keywords: corporate governance; Islamic banking; bank agility

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1. Introduction

Generally, agility is the capability to grow in quickly fragmented and changing economies (Jackson and Johansson 2003). Ganguly et al. (2009) described agility as the quality or condition of being capable of shifting rapidly and easily. Agility concentrates on the capability of corporations to encounter unpredicted changes to get through an unpredicted atmosphere and turn potentially threatening situations into advantageous opportunities (Zhang and Sharifi 2000). Based on Börjesson and Mathiassen's (2005) definition, agility is applicable to assisting organizations to react more efficiently to a phenomenon, mainly by investment in software improvement. Daniel and Lucía (2006) revealed that manufacturing agility is the ability of a corporation to react to market changes effectively, maximize the satisfaction of the services provided for customers, and minimize the expenses of produced goods. According to the banking industry, the agility of banks refers to banks' degree of coordination with quick changes. This research measures agility with flexibility, responsiveness, the culture of change, speed, integrity, quality, competence, and human resources. Banks play a fundamental function in economic systems. Banking (financial) institutions undoubtedly have substantial differences from other non-financial companies; hence, the exclusion of financial companies (institutions) from the sample of companies with different economic activities is justified. The complexities of banking businesses and the differences in the structure and nature of operations have made them an interesting case from the perspective of corporate governance. The uniqueness of procedures, regulations, and global standards of banks has separated this sector from other industries in business environments, resulting in particular conditions and challenges for the banking industry. To respond to potential challenges, banks must be capable of reacting quickly to existing competitive situations in the markets. In order to maintain their competitive position, banks apply innovative procedures. According to Dahmardeh and Banihashemi's (2010) definitions, the idea of using innovative and unexpected procedures is explored by agility. In other words, one of the factors that can play a significant role in the success of banks is agility. However, there are several challenges and limitations for banks to be agile. For example, new technology adoption, new shapes of competition and potential rivals, economic uncertainty dominating emerging markets, findings new methods to meet customer needs, changing internal regulations by decision-makers, facing and embracing globalization, economic instability and financial constraint, and reacting to excessive volatility are among the challenges that organizations are likely to be involved in (Drew and Coulson-Thomas 1997). Additionally, corporate failure to effectively adopt structural and strategic changes is another challenge for organizations in increasing their agility (Dobrev et al. 2001). In this regard, studies document how significant organizational changes in their programs may preclude them from operating effectively and efficiently, resulting in a spiral of poor performance with a minimum opportunity for recovery (Barnett and Carroll 1987; Miller and Friesen 1984; Dobrev et al. 2001). Therefore, investigating the impact of other variables, particularly the existence of high-quality corporate-governance mechanisms, on the level of banks' agility may shed more light on a given country's economic and financial success.

As is evidenced in the literature, corporate-governance structures play a determining role in microeconomic indicators. Particularly in emerging economies, microeconomic indicators have predicting power to indicate the macroeconomic indices (Daemigah 2020a; Salehi et al. 2021). In addition, developing countries are known for their quick growth rate and low-income economies, in which economic liberalization and globalization are proposed as the mainstreams of their high growth rate (Hoskisson et al. 2000). The institutions and regulations may shape the firm's actions, determining the effectiveness and efficiency of organizations and economic sectors (He et al. 2007). The situation highlighting the role of corporate-governance mechanisms in emerging economies is their institutions' unstable status and informal institutions' existence (Peng and Heath 1996). Therefore, in the dangerous environment of emerging economies such as Iraq, employing an optimal level of corporate-governance structure may significantly help organizations operate efficiently, for example, by increasing their agility. Previous findings have documented that the optimal level of corporate-governance structure that organizations adopt may be counted as a "package," in which the efficiency of a particular set of mechanisms significantly depends on the effectiveness of other groups of mechanisms (Davis and Useem 2002; Rediker and Seth 1995; Salehi et al. 2019a, 2019b; Daemigah 2020b). For instance, managerial characteristics, as a corporate-governance mechanism, may influence product-market competition as another aspect of corporate governance. Both will likely determine investment efficiency (Salehi et al. 2020) or financial-reporting quality (Salehi et al. 2018). Salem et al. (2021b) showed that audit quality in conventional banks is lower compared to Islamic banks. Salem et al. (2021a) suggested that the quality of voluntary disclosure is negatively attributed to earning management in the context of Middle East and North Africa (MENA) banks. In this sense, we thoroughly employed five questionnaires to consider the different aspects of corporate-governance mechanisms. Collectively, the main objectives of employed metrics for corporate-governance mechanisms are, primarily, considering their role in the growth rate of microeconomic indicators (particularly Iraqi banks' agility) and, secondarily, covering the combination of different aspects of these mechanisms simultaneously.

Creating agility through corporate governance can be an opportunity for any company because it will significantly impact its performance and profitability in the long run. Corporate-governance-related theories, including agency theory (Jensen and Meckling 1976), may sufficiently justify this field of study and empirical research. Corporate governance is one of the control mechanisms that help to combat the issues caused by the separation of ownership and management, such as agency problems, moral hazard, and self-centered managerial behavior. Today, information asymmetry has increased in the financial industry because consumers lack the knowledge to monitor service quality; therefore, abusive managers make them easy prey for manipulations and abusive behavior (Zimon et al. 2022).

The very high financial leverage makes the banking industry prone to higher risks. The combination of cash and quasi-cash assets puts banks in financial distress and requires more careful monitoring and control measures. Therefore, banks require detailed and differentiated regulation and supervision; however, special supervisory behavior creates new challenges in corporate governance and attracts special attention. The importance of corporate governance in banks and the need to supervise the board of directors has been confirmed by the Basel Committee (Faysal et al. 2020), noting that "The importance of corporate governance is more important for banks than for other business units. Among the reasons for this importance, we can mention the critical role of financial intermediation of banks, supporting depositors' funds. Effective corporate governance practices are necessary to achieve and maintain public confidence in the banking system. This is critical to proper functioning of the banking system and the economy as an authority. Therefore, it can be said that the corporate governance of banks can significantly impact their performance, including the level of banks' agility" (Bhattrai 2017; Lamichhane 2018). Collectively, according to the importance of banks' agility in improving their performance and the potential impact of corporate governance on organizational operations, the research question of this study is developed as follows: Does the existence of high-quality corporate-governance mechanisms in banks improve their level of agility?

This study, by focusing on banking institutions, especially developing markets such as Iraq, could achieve more concrete results with clear implications for the booming banking industry and, at the same time, for solving the banking problems of this country. Therefore, this research will add to the literature to some extent. Firstly, this article is one of the first studies to investigate the role of corporate-governance mechanisms on the level of banks' agility, particularly in emerging markets. Secondly, by providing initial empirical findings based on a questionnaire survey, this paper is willing to establish an essential basis for future researchers who may need a benchmark to compare their results, through which elaborating other aspects of corporate governance on banking-industry performance and revealing other determinants of banks' agility may be possible and more effective. Thus, we seek to fulfil this critical academic gap involving the impact of Iraqi banks' high-quality corporate governance on their agility level. By reviewing the subject literature, no study has investigated the relationship between corporate governance and banks' agility. Therefore, by conducting this research, we can contribute to the developing literature in the mentioned field and fill this gap.

The rest of the paper is structured as follows. The second section contains the theoretical foundation and hypothesis development. Then, the sample selection and employed methodology are posited in section three. In the fourth section, the descriptive and empirical results are reported. Finally, in the fifth section, the discussion and conclusion are posited.

2. Literature Review and Hypothesis Development

Generally, the purpose of corporate governance is to protect the wealth of shareholders and maximize their value in the long term and preserve it. Still, the scope of governance may be expanded to extend its importance beyond the boundaries of the banks' interests and the interests of shareholders. In particular, corporate governance in banks represents the framework through which banks can be managed, mainly Islamic and commercial banks. In fact, Islamic banking can effectively implement the principles of corporate governance (Senan et al. 2021). Based on this framework, the rights and duties are defined, as well as the roles and responsibilities of all persons directly related to those banks (such as the board of directors, bank management, and shareholders) and other individuals indirectly related to those banks. Banks are formed based on a set of concepts (which include justice, fairness, transparency, responsibility, accountability, and independence) and compiling all of the above into a set of general principles and detailed rules, the purpose of which is to protect the rights of shareholders and to maximize their value in the long term as well as to protect and preserve the rights of other stakeholders based on the stakeholder theory and value-creation perspective for their interests (Sivaprasad and Mathew 2021).

2.1. The Organizational Agility

Creating agility through corporate governance can be an opportunity for any organization; it will significantly impact its performance and profitability in the long run, as banks' liquidity decreases during a crisis. When depositors do not receive government financial support, they withdraw their savings to cope with economic uncertainty. Defaulting on most loans, including mortgages, auto loans, and personal loans, further reduces a bank's liquidity. Banks are particularly vulnerable to the economic disruptions of a global crisis such as COVID-19 (Sivaprasad and Mathew 2021) as depository companies with significant dependence on loan-interest income. Therefore, in such a situation, for banks to get out of these crises with the least damage, they need to be agile and flexible to quickly adapt to the conditions that have arisen and adjust to them. Coulson-Thomas (2022) found that our understanding of agility needs to change. He stated that we should have a more comprehensive view of agility. Aburub (2015) showed that the enterprise-resource-planning (ERP) system usage significantly impacts banks' agility. However, he believes other significant variables may contribute to agility in the banking sector.

2.2. The Quality of Corporate-Governance Mechanisms

The BCBS, the world's leading authority on banking regulation and supervision, began its 2015 corporate-governance principles for banks with this statement: "Effective corporate governance is essential for the proper functioning of the banking sector and the global economy". Corporate governance of banks and other financial companies was reviewed after the 2008 financial crisis, which almost half of them addressed. From the point of view of practical and regulatory theory, it is self-evident that banks are more specific than other institutions and need their own regulations. One of the special characteristics of banks is their very low capital (especially when short- and long-term financial-maturity periods overlap), complexity, the lack of transparency of banks' activities and structures, the basic need for trust and the risk caused by bank runs, and especially the macroeconomic performance of banks, which is revealed in their central importance to the economy, which in turn makes them subject to extensive laws and government regulations.

Banks' lack of corporate governance can destabilize the financial system and impose systematic economic risks. Banks determine which users receive funds and provide the instruments necessary for this payment. Systematic risk arises because banks usually have the incentive to price financial risks at a low level (for example, granting high-risk facilities) because they do not want to bear the social costs of risky activities. Such risks will eventually cause a decrease in investors' confidence in the banking sector (people's attack) and a bank crisis. In other words, banks are equipped as financial intermediaries through lending and investing funds, and they operate by providing funds for the economic activities of others. Considering the key role of banks in the economy of all countries, the need for strong corporate governance for banks becomes increasingly apparent. In particular, the COVID-19 crisis has caused the world economy to face many problems in the last two or three years.

Jensen and Meckling (1995), following Hayek (1945), discussed the trade-offs between centralized versus decentralized corporate-governance mechanisms. They proposed that when knowledge is prominent for making a decision, it is worthy of co-locating the decision rights with knowledge, in which such an action is applicable in two channels, comprising (1) that knowledge may be shared with those having decision-making power (for instance, the knowledge of lower-level employees can be transferred to the headquarters of firms), or (2) that decision-making power may be delegated to those with particular knowledge (for instance, the position of headquarters can be delegated to lower-level employees). Jensen and Meckling (1992) further discussed that the trade-off of decision-making power between centralized and decentralized will be more effective if that decision-making power is transferred to lower-level employees, those with special knowledge, due to the high expenses of sharing this knowledge with headquarters. Nevertheless, Jensen and Meckling (1992) noted that delegating decision-making power from headquarters to lower-level employees may reduce intense agency costs since the latter may act in line with promoting their benefits rather than the firm's benefits. Therefore, according to Jensen and Meckling's (1992) approach, corporations must balance agency costs incorporated into decentralization and the expenses of sharing special knowledge related to centralized decision-making power. Bhattrai (2017) expressed that corporate governance has a significant effect on the performance of Nepalese banks. Demir and Danisman (2021) also expressed that during the COVID-19 era, corporate governance played an essential role in advancing banks' objectives; therefore, during the crisis, corporate governance notably impacted the performance of banks. Moreover, Georgantopoulos and Filos (2017), Khatib and Nour (2021), Lamichhane (2018), Mertzanis et al. (2019), Nguyen et al. (2020), and Permatasari (2020) also confirmed that there is a relationship between corporate governance and bank performance.

2.3. The Quality of Corporate-Governance Mechanisms and Bank Agility

Implementing principles and standards due to the deep link between bank governance and financial markets helps to increase the efficiency of banks, as it requires investment in property rights that establish and implement sound principles and standards for the governance of banks (Mertzanis et al. 2019). The quality of corporate governance is shaped by protecting the rights of shareholders, especially the accountability of the board of directors in companies regarding the effects of bad share-ownership contracts, the ability of management in those banks, and their willingness to prepare and publish financial and non-financial reports and information. Setting and developing corporate-governance standards in a country is affected by the surrounding environmental conditions, including economic, social, cultural, and political conditions, as well as a given company's governance characteristics. Therefore, it can be seen that there is a relationship between corporate governance and bank performance, including the agility of banks (Bhattrai 2017; Lamichhane 2018).

The board of directors in an organization is responsible for designing purposes, suggesting visions and strategies, adding value through directing, following the achievement of objectives and goals, employing talented CEOs and an operational-management team, providing a guideline for strategies, distributing powers among operational teams in an efficient manner, monitoring the operation of corporations, and reporting the outcome of the corporations' activities to stakeholders (Coulson-Thomas 2007). The functions that are predicted and delegated to boards demand them to be responsive and accountable. Boards are required to ensure that a corporation's objectives, goals, culture, and priorities are responsible (FRC 2016; Mayer 2018; Coulson-Thomas 2021b). The implemented processes and systems to meet the predicted objectives and goals shared by stakeholders can be allocated to the extent to which these strategies and initiatives are obtainable. Additionally, the daily operation of corporations may not be able to be delegated to CEOs easily; boards are supposed to implement effective controls to delegate functions to CEOs appropriately. Strategic forethought may be among the necessities in corporate boardrooms (Coulson-Thomas 2021a). Exercising forethought strategies may require effort to promote corporate agility through predicting the market condition, planning practical scenarios, and evaluating their potential consequences, implicating them in domains characterized by unpredictability by competitors. In case of this possibility, the procedures and performance of the business atmosphere must be monitored continuously. Necessary corrections and reforms may be exerted in corporate activities and operations. The mentioned process must be reported to the stakeholders to assess the responsiveness of the employed system and strategies to meet the corporate objectives (Coulson-Thomas 2007).

Certain governance structures, including the board of directors, may impact corporate agility and, consequently, the firm survival and performance (Lehn 2021). Boards are supposed to establish operational structures to improve the corporate's ability to adapt necessary procedures or make essential changes promptly. A prominent ability a director may possess in assisting corporations in uncertain conditions is thinking power, particularly strategic thinking (Coulson-Thomas 2021b). Scholars have defined strategic agility as the capability of individual managers to maintain flexibility, particularly in tough conditions, to develop fresh opinions through continuously assessing and changing a corporation's strategic operations (Weber and Tarba 2014). Doz (2020) argued that strategic agility significantly contributes to the skills and abilities of an organization's management team, manifested in choosing and exerting strategic activities determined by the board.

In another line of literature, it is argued that one of the most critical governance structures is the extent to which the decision-making process in a corporation is centralized or decentralized. There is a higher likelihood that a decentralized governance structure will increase the agility of a corporation, which may be considered a merit for them in the case of operating in rapidly changing environments. Primarily, Hayek (1945) proposed the key role of exclusive knowledge, which is not to be shared with others in its totality, in increasing corporate agility. Hayek (1945) further explained that the economic issues of society are mostly caused by rapid adjustment to changes in the special statuses regarding time and position, which in turn requires society to delegate the decision-making to individuals who are acquainted with such statuses, who are directly engaged with these changes and the necessary resources and tools available to respond to them. He also suggested that a centralized board is not expected to solve the issue by linking and integrating all of this knowledge. Thus, a decentralized board is more likely to solve the problem.

Additionally, it is discussed by prior studies that corporate agility may be correlated with some other aspects of board characteristics, including (1) the board size and (2) the board structure. Lehn et al. (2009) and Linck et al. (2008) documented that corporations with greater growth opportunities favor forming smaller boards; they may value snap decision-making processes driven by smaller boards. In addition, since outside directors may provide invaluable advisory services in implementing effective monitoring roles (Adams et al. 2010) and may have special knowledge and skills (Miletkov et al. 2017), it is feasible for corporations competing in a quickly changing atmosphere to employ outside directors who can advise them in terms of promoting agility. Collectively, we argue that an effective corporate-governance mechanism associated with board characteristics such as centralized and decentralized boards, size, and structure is willing to specify the level of organizational agility in the banking system of Iraq.

Alternatively, scholars have suggested that the principal–principal-agency problem is more intense in firms with a dual-class ownership structure. Policymakers also posit that distributing common stock characterized by various voting rights is primarily "bad" for outside shareholders since inside shareholders may apply their voting right to increase their wealth at the cost of those shareholders outside the corporation. In contrast, Lehn (2021) argued that although such a process may be the case, this suggestion does not count the benefits associated with such governance structures, by which corporate agility may be promoted by the controlling shareholders, primarily the decision-maker management. Such a phenomenon may explain why IT corporations employ dual-class structures, including Facebook, Alphabet, and Netflix, where corporate agility can play a valuable role in their success. Considering that such companies' shares have been published publicly with dual-class structures (through which outsiders have to bear the costs incorporated into "sub-optimal" governance structures with the public offerings (Jensen and Meckling 1976)), this means that, for some corporations, there is excellent usefulness correlated with dual-class structures explained by corporate agility. Moreover, the capital structure may be considered an influential factor in corporate agility, as it is remarkably shown in the literature that one of the merits of having significant financial leverage is constraining CEOs from overinvesting. Such an association is more pronounced for corporations generating high free cash flows but possessing limited growth opportunities (Jensen 1986). In contrast, such merit might be a drawback if the corporation operates in a rapidly changing environment that requires new investments to improve competitiveness or guarantee survival. Taken to gather, ownership and capital structures as two other corporate-governance structures are likely to explain the level of organizational agility, particularly in the banking industry, which requires great investment in innovative IT systems to facilitate the huge number of daily transactions and satisfy their customer needs.

Therefore, IT-related corporate governance may provide necessary opportunities for corporates to align their IT aims with business aims. The effective integration of business and IT governance assists corporations with implementing the required IT capabilities in order to obtain and preserve the necessary level of corporate agility (Peterson et al. 2002). Another advantage of IT-related corporate governance may be the establishment of effective monitoring of IT-operating procedures that increase a corporation's ability to maintain agility according to procedures and policies developed by the board and other authorities. The level of agility is highly dependent on the joint cooperation of senior managers, which may be facilitated and improved by IT-related corporate governance through reviewing the requirements of various business sections and a more agile decision-making process (Aghina et al. 2015; Zhen et al. 2021). Panda and Rath (2021) stated that environmental influences could significantly influence the relationship between IT and agility, meaning that a more diverse and less hostile environment can increase IT's ability to achieve agility. Nguyen et al. (2020) and Permatasari (2020) stated that there is a significant relationship between corporate governance and bank performance.

Scherer and Voegtlin (2020) also found a significant relationship between corporate governance and banks' innovation and flexibility. Sivaprasad and Mathew (2021) found that banks with stronger corporate governance can more easily face crises. The results of Panda and Rath (2021) demonstrated the positive effect of strategic alignment on agility (studied as operational-adjustment agility and market-capitalization agility). His paper revealed the positive effects of strategic alignment, operational-adjustment agility, and market-capitalizaton agility on organizational performance. Li et al. (2022) showed that departmental learning mediates the relationship between the decision-support system and departmental agility. In addition, Nguyen (2022a) indicated a positive and significant relationship between an audit committee's effectiveness and a bank's stability, which depends on the bank's health and the country's institutional quality. Nguyen (2022b) showed that the effectiveness of risk management in banks in Asian countries is low. El-Chaarani et al. (2022) found that corporate-governance criteria have a positive and significant effect on the financial performance of banks. In addition, Jallali and Zoghlami's (2022) findings illustrated that risk governance expresses the relationship between corporate governance and bank performance, and they also found that internal corporate-governance mechanisms can improve company performance better than external ones. Marina and Lagasio (2022) found that board and committee independence can increase bank solvency, but board and committee size can decrease it. Sehen Issa et al. (2022) showed that corporate governance in Islamic banking has had a positive effect on green banking.

Now, according to the stated theoretical foundations and backgrounds, the research hypothesis is presented as follows:

Research Hypothesis: *The quality of corporate governance in Islamic banking has a positive and significant effect on the agility of Iraqi banks.*

3. Research Methodology

This is applied research, and it was completed based on the analysis of the information collected in a survey. The collected data were analyzed through PLS statistical software. Using the collected information and analysis, the validity of the research hypotheses was tested, and the results were generalized to the entire statistical population.

3.1. Sample and Data Collection

The present research questionnaire (According to Appendix A) is based on the organization's standard agility questionnaire, modified, according to the Iraq business environment, with the researcher on corporate governance. Questions that corresponded to the conditions of Iraq and had relevant and practical features were accepted, and other questions were removed or changed. The year of implementation of the research was 2022, carried out for the listed banks in the Iraqi stock exchange. The questionnaires provided to and distributed among the respondents consisted of two parts: The first part of the questions determined whether the questioned factor currently exists in Iraqi banks according to the respondent's professional experience, and the second part of the questions expressed the level of importance (very high, high, medium, low, and very low) of that specific questioned factor from the respondents' point of view. For the validity of the questionnaire, we asked the opinion of experts, and Cronbach's alpha was used for the reliability of the questionnaire.

The statistical population of this research comprised all managers, heads, and employees of banks in Iraq. The targeted respondents were chosen for their familiarity with the banking industry of Iraq and their knowledge of the strengths and deficits of corporate-governance structures existing in the banks. In other words, the selected statistical population was intended to be the best respondents with sufficiently relevant knowledge and expertise regarding the employed questionnaires. Moreover, the questionnaires were distributed among the respondents physically and electronically. In some banks and their headquarters, when possible, the questionnaires were distributed physically, and banks located in distant areas were supplied with online and electronic links. To ensure that the intended statistical population filled out the questionnaires, the links were sent to them directly, and we asked them to fill them out by themselves. Based on the limited number of banks in Iraq, the questionnaires were distributed among most of them. In this regard, 135 questionnaires were distributed among the targeted statistical population, and a total of 70 candidates filled them out and sent them back for analysis. To analyze the collected data, PLS software was employed.

3.2. Research Model

In this study, structural-equation modeling (SEM) was employed. Since this method possesses several advantages over traditional multivariate methods, we use it to test our hypothesis. Firstly, this method allows the researcher to assess the measurement error. Most traditional multivariate techniques may not consider the measurement error to lack explicit modeling, whereas SEM assesses the variance errors for independent and dependent variables (Byrne 2012). Secondly, it carries out an assessment of latent (unobserved) variables by including the obtained variables. Thirdly, it performs model estimation, in which a structure is imposable and assessable for fitting the data. The fully created models can be examined against the data by applying SEM as a theoretical or conceptual structure or model and can be estimated for the appropriateness of the selected sample data. Therefore, since each of our dependent and independent variables was measured by several questionnaires, structural-equation modeling was considered the best method to observe them as latent variables.

3.3. Conceptual Model

Figure 1 shows how the variables would likely be incorporated based on their fundamental questions. For example, questions 1–3 and 4–6 addressed flexibility and responsiveness, respectively, two parts of corporate agility likely to be determined by the corporate-governance mechanism. The other variables and their fundamental questions are shown in Figure 1, in which the presented numbers are the coefficients of the sets of questions with the main variable. On the one hand, the questions pertaining to responsibility (REP), flexibility (FLX), culture of change (CUC), speed (SPD), integrity (UNT), quality (QUA), deservedness (DES), and human resources (HUR) were the basis of agility (ALC), with coefficients of 0389, 0.051, 0.360, 0.523, 0.668, 0.532, 0.445, and 0.432, respectively. On the other hand, the corporate-governance structure of banks (LSB) was measured against the rights of beneficiaries (PSR), the competency of board members (MBM), the independence of the audit committee (ICA), and the transparency of banks (TRB), with coefficients of 0.270, 0.528, 0.495, and 0.620, respectively. Finally, the figure shows that ALC and LSB were incorporated with a coefficient of 0.257.

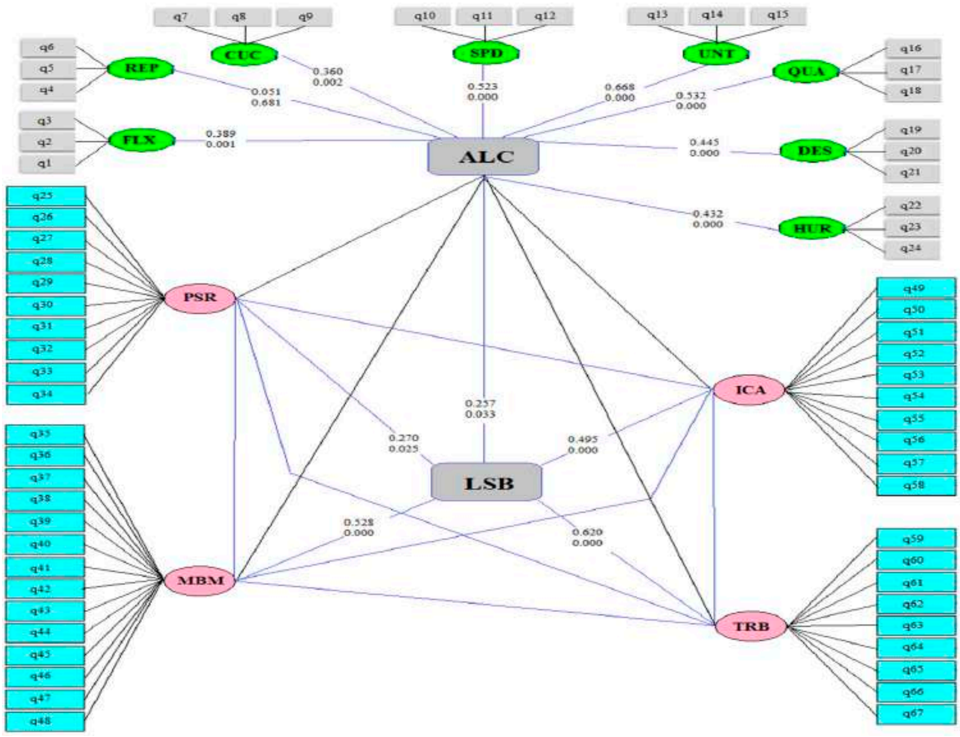

Figure 1. The conceptual model of the research. Note: In the above figure, the abbreviations represent different dimensions of the main variables. ALC: bank agility, REP: responsibility, FLX, flexibility, CUC: culture of change, SPD: speed, UNT: integrity, QUA: quality, DES: deservedness, HUR: human resources, LSB: corporate-governance structure of banks, PSR: preserving the right of beneficiaries, MBM: competency of board members, ICA: independence of the audit committee, TRB: transparency of banks.

Figure 1 shows the effect of corporate-governance axes, represented by LBS, on bank agility proxied by ALC. Seven variables positively and significantly affected bank agility out of eight components. To be more precise, FLX, REP, CUC, SPD, UNT, QUA, DES, and HUR were the basis of ALC, with coefficients of 0.389, 0.051, 0.360, 0.523, 0.668, 0.532, 0.445, and 0.432, respectively, and significant *p*-values (except for REP). Additionally, all four axes had a positive and significant effect on corporate governance, with coefficients of 0.270, 0.528, 0.495, and 0.620 for PSR, MBM, ICA, and TRB, respectively. As revealed, the corporate-governance variable also positively and significantly affected bank agility.

4. Data Analysis

4.1. Descriptive Statistics

Table 1 shows that more than 64% of the respondents were women. Most of the people who answered the questionnaire were 35 years old, and they had less than 5 years of work experience. More than 50% had a master's degree, doctorate, or higher; all of the respondents had a university degree; most of the respondents had a degree in accounting and auditing; and more than 50% of the respondents were bank employees.

Table 1. The frequency of demographic data.

		No.	Percentage
Gender	Male	25	0.36
	Female	45	0.64
Position in bank	Head of branch	6	0.09
	Deputy	7	0.10
	Senior	20	0.29
	Employee	37	0.53
Work experience	5 years or less	24	0.34
	6 to 10 years	14	0.20
	11 to 15 years	10	0.14
	More than 15 years	22	0.31
Field of study	Accounting and auditing	21	0.30
	Economics	12	0.17
	Financial management	18	0.26
	Other	19	0.27
Age	20–25	1	0.01
	26–30	23	0.33
	31–35	9	0.13
	35 and higher	37	0.53
Education	Associate's degree	0	0.00
	Bachelor's degree	17	0.24
	Master's degree	25	0.36
	PhD or higher	28	0.40

As mentioned earlier, this research aimed to investigate the effect of corporate governance in Islamic banking on the agility of Iraqi banks. The research questionnaire in the specialized section consisted of two parts, including bank agility in the first part, with 24 questions, and corporate governance in Islamic banks in Iraq in the second part, with 43 questions.

Tables 2 and 3 present descriptive statistics; the data related to the two main parts of the questionnaire are presented separately to identify the influencing factors. The questionnaire by Panda and Rath (2017) was employed to measure the agility variable. The options presented and selectable for each question in all questionnaire sections included options 1—"I completely agree", 2—"I agree", 3—"I have no opinion", 4—"I disagree", and 5—"I completely disagree", which were coded from 1 to 5 based on the Likert scale. According to Table 2, which displays the descriptive statistics of the data related to the agility of banks, the mean, median, and mode for all the answers pointed to option 2—"I agree", which was the second option on the questionnaire. Considering that this part of the questions was related to the agility of the studied banks, the respondents' choice of option 2—"I agree" indicates high flexibility, ability to respond, making changes in different areas, speed in learning, and providing services, integrity in affairs with an acceptable level of quality and competence, and great attention to human-resources matters, including access to knowledge and the initiative of employees.

According to Table 3, the mean, median, and mode for all the answers pointed to, on average, option 2 ("I agree"). This means that the studied banks have a good position in matters such as paying attention to the rights of shareholders and beneficiaries, the competence and independence of the board of directors, the ability and independence of the audit committee, and creating transparency, and that they take acceptable action in these fields.

Table 2. The descriptive statistics of the data related to the agility of banks.

Question	Mean	Median	Mode	Question	Mean	Median	Mode
Flexibility				Integrity			
Q1	1.990	2	2	Q13	2.000	2	2
Q2	2.200	2	2	Q14	1.760	2	2
Q3	2.140	2	2	Q15	1.660	2	2
Responsibility				Quality			
Q4	1.970	2	2	Q16	1.940	2	2
Q5	2.060	2	2	Q17	1.690	2	2
Q6	2.130	2	2	Q18	1.890	2	2
Culture of change				Qualification			
Q7	2.100	2	2	Q19	2.190	2	2
Q8	1.910	2	2	Q20	1.840	2	2
Q9	2.010	2	2	Q21	1.930	2	2
Speed				Human resources			
Q10	2.030	2	2	Q22	2.290	2	2
Q11	1.740	2	2	Q23	1.690	2	2
Q12	2.300	2	2	Q24	1.770	2	2

Table 3. The descriptive statistics of the data related to corporate governance.

Question	Mean	Median	Mode	Question	Mean	Median	Mode
The first axis: bank measures regarding guaranteeing the rights of shareholders and beneficiaries				The third axis: the ability and independence of audit committees			
Q1	1.590	2	2	Q13	1.940	2	2
Q2	1.730	2	2	Q14	2.030	2	2
Q3	2.200	2	2	Q15	1.910	2	2
Q4	1.810	2	2	Q16	1.930	2	2
Q5	1.630	2	2	Q17	1.830	2	2
Q6	1.910	2	2	Q18	1.810	2	2
Q7	1.590	2	2	Q19	2.340	2	2
Q8	1.870	2	2	Q20	2.140	2	2
Q9	1.890	2	2	Q21	2.390	2	2
Q10	1.770	2	2		2.370	2	2
The second axis is: the competence and independence of the board of directors and executive management				The fourth axis is: the transparency policy in the bank			
Q11	2.070	2	2	Q35	2.210	2	2
Q12	2.100	2	2	Q36	2.300	2	2
Q13	1.860	2	2	Q37	2.090	2	2
Q14	1.910	2	2	Q38	1.970	2	2
Q15	1.900	2	2	Q39	2.010	2	2
Q16	1.970	2	2	Q40	2.290	2	2
Q17	1.740	2	2	Q41	1.710	2	2
Q18	2.100	2	2	Q42	1.960	2	2
Q19	1.890	2	2	Q43	1.910	2	2
Q20	1.930	2	2				
Q21	1.890	2	2				
Q22	1.910	2	2				
Q23	2.200	2	2				
Q24	2.100	2	2				

4.2. Inference from Data

In Table 4, the reliability of the questionnaire is evaluated, shown in the form of the Cronbach's-alpha coefficient, composite-reliability coefficient, and average variance extracted. The alpha coefficient for this part of the questionnaire was equal to 0.912, which is in the appropriate range.

Table 4. The reliability and validity findings of the research.

Cronbach's Alpha	Composite-Reliability Coefficient	AVE
0.912	0.869	0.659

To evaluate the validity of the questionnaire, we checked the validity of its content and structure. We extracted the average-variance index to evaluate the construct validity and used Fornell and Larcker's criteria. The AVE index in Table 4 states that the average extracted variance of each model dimension had a value greater than 0.5; therefore, the convergent validity of the questionnaire was confirmed. According to Table 4, the value of AVE for the model variables was higher than 0.5; therefore, it can be said that the cross-validation commonality used the validity of the convergence of the measurement model.

The Chi-square index is affected by the sample size. When the sample size is large, it shows a small difference, which indicates a good fit. Therefore, some of the adjusted indices of Chi-square were used on the degree of freedom, along with other goodness-of-fit indices, including (1) the Goodness-of-Fit Index (GFI), (2) the Adjusted-Goodness Index (AGFI), (3) the Comparative-Fit Index (CFI), (4) the Tucker-Lewis Index (TLI), (5) the Root Mean Square of Standard Errors (SRMR), and (6) the Root Mean Square Error of Approximation (RMSEA), whose values were less than 0.08 and indicate that the errors of approximation were reasonable in the population. Goodness-of-fit indices of measurement models are reported separately in Table 5. It can be concluded that the model fit was suitable for the data, and the results were reliable.

Table 5. The goodness-of-fit criteria of the questionnaire.

Index Name	Sing	Calculation	Acceptable	Ideal
χ^2 significance	χ^2	<0.001	$0.050 < p \leq 1.000$	$0.010 < p \leq .0500$
Optimized Chi-square	χ^2/df	1.325	$0.000 < \chi^2/\text{df} \leq 5.000$	$0.000 \leq \chi^2/\text{df} \leq 3.000$
Goodness of fit	GFI	0.925	$0.800 \leq \text{GFI} < 0.950$	$0.950 \leq \text{GFI} \leq 1.000$
Adjusted goodness of fit	AGFI	0.904	$0.800 \leq \text{GFI} < 0.950$	$0.950 \leq \text{GFI} \leq 1.000$
Root mean square residual	RMR	0.028	$0.000 < \text{RMR} \leq 0.100$	$0.000 \leq \text{RMR} \leq 0.050$
Comparative goodness of fit	CFI	0.918	$0.900 \leq \text{CFI} < 0.970$	$0.970 \leq \text{CFI} \leq 1.000$
Root mean square of the estimation error	RMSEA	0.029	$0.050 < \text{RMSEA} \leq 0.080$	$0.00 \leq \text{RMSEA} \leq 0.050$

In order to investigate the relationship between corporate governance and agility in Islamic Iraqi banks, we evaluated 67 questions covering 12 topics. Table 6 shows the components and the number of questions. The questionnaire had a suitable internal structure, since the Cronbach's alpha was calculated to be between 0.748 and 0.951.

The descriptive statistics of the research variables are displayed in Table 7. This table shows that agility consisted of eight indicators, and the information related to each indicator was obtained through three questions. Hidden agility variables were obtained using exploratory-factor analysis and weighted average. After that, the bank-agility variable was created through these eight factors, and the exploratory-factor-analysis method was used again. In the case of corporate governance, we completed the same steps. First, the questions raised in each part created the four axes. Then, the corporate-representation index was obtained using the exploratory-factor-analysis method through the weighted average.

According to the information in Table 7, the highest average of the agility components was related to the variables of flexibility and culture of change, and the lowest average was associated with the variable of speed. Therefore, flexibility variables and culture of change are expected to have less effect than other variables on bank agility, and the speed variable had the most effect. Among the axes of corporate governance, the lowest average was related to the first axis. Therefore, guaranteeing shareholders' rights is expected to affect corporate governance greatly. In addition, considering that the highest average was related to the second axis, it is expected that the competence of the board of directors would have the least impact on the corporate-governance variable compared to the other three components. Information about other variables is given in Table 7.

Table 6. Components, number of questions, Cronbach's alpha, and factor-analysis results.

Components	Questions	Cronbach's Alpha	Factor Analysis
Agility of banks	24	0.904	0.951–0.879
Flexibility	3	0.859	0.914–0.772
Responsiveness	3	0.902	0.957–0.883
Culture of change	3	0.921	0.957–0.883
Speed	3	0.842	0.898–0.705
Integrity	3	0.748	0.887–0.689
Quality	3	0.951	0.957–0.883
Merit	3	0.914	0.957–0.883
Human resources	3	0.879	0.898–0.705
Corporate governance	43	0.847	0.898–0.705
The first axis: guaranteeing the rights of shareholders	10	0.889	0.911–0.762
The second axis: the competence of the board of directors	14	0.941	0.928–0.883
The third axis: independence of audit committees	10	0.902	0.917–0.835
The fourth axis: bank transparency	9	0.899	0.815–0.805

Table 7. The descriptive statistics of hidden research variables.

Variable	Mean	Standard Deviation	Minimum	Maximum
Agility of banks	2.116	0.491	1.000	3.333
Flexibility	2.053	0.311	1.333	3.000
Responsiveness	2.010	0.286	1.333	2.667
Culture of change	2.034	0.358	1.333	2.667
Speed	1.802	0.444	1.000	3.333
Integrity	1.836	0.306	1.333	2.667
Quality	1.981	0.379	1.000	3.000
Merit	1.918	0.359	1.000	2.667
Human resources	1.969	0.160	1.500	2.583
Corporate governance	1.800	0.148	1.500	2.200
The first axis: guaranteeing the rights of shareholders	1.967	0.191	1.500	2.429
The second axis: the competence of the board of directors	2.069	0.219	1.667	2.700
The third axis: independence of audit committees	2.053	0.247	1.556	2.667
The fourth axis: bank transparency	1.972	0.100	1.696	2.198

After that, the correlation between the hidden components and bank agility was calculated, as shown in Table 8. All eight bank-agility components positively and significantly affected the ALC variable at the 99% confidence level. Meanwhile, the responsiveness variable did not affect bank agility. The highest correlation and effect among the other seven variables was related to the integration variable. After that, there were quality and speed variables. The four axes of corporate governance positively affected corporate governance at the 99% confidence level. Among these four, the most effective, according to the Pearson correlation coefficient, was related to the fourth axis. After that, the highest effect was related to the second and third axes, and the lowest was related to the first axis. It is worth mentioning that corporate governance had a positive correlation and a significant confidence level of 95% on bank agility. The coefficient of this correlation was equal to 0.257.

Table 8. The correlation matrix of hidden variables of the study.

	FLX	REP	CUC	SPD	UNT	QUA	DES	HUR	ALC	PSR	MBM	ICA	TRB	LSB
FLX	1.000													
REP	−0.340 ***	1.000												
CUC	0.271 **	−0.190	1.000											
SPD	−0.004	0.086	−0.083	1.000										
UNT	0.107	−0.006	0.080	0.434 ***	1.000									
QUA	−0.024	−0.079	−0.019	0.261 **	0.383 ***	1.000								
DES	−0.093	0.037	0.183	0.089	0.113	0.142	1.000							
HUR	0.083	−0.121	0.088	0.009	0.061	0.277 **	0.132	1.000						
ALC	0.388 ***	0.051	0.360 ***	0.523 ***	0.668 ***	0.532 ***	0.445 ***	0.432 ***	1.000					
PSR	0.072 **	−0.235 *	0.070	−0.206 *	−0.439 ***	−0.192	0.123	0.166	−0.242 **	1.000				
MBM	0.116	−0.241 **	0.070	−0.107	−0.215 *	0.097	−0.019	0.011	−0.082	0.151	1.000			
ICA	−0.173	0.152	−0.102	0.047	0.081	0.018	−0.205 *	−0.039	−0.078	−0.207 *	−0.022	1.000		
TRB	0.128	0.289 **	−0.085	−0.095	−0.161	−0.171	−0.170	−0.239 **	−0.140	−0.093	0.016	0.060	1.000	
LSB	0.0130	0.059	−0.049	−0.159	−0.318 ***	−0.120	−0.179	−0.102	0.257 **	0.270 **	0.528 ***	0.495 ***	0.620 ***	1.000

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$.

To investigate the relationship between corporate governance and the demographic variables of the questionnaire on bank agility, ALC variable regression was used on corporate governance and its components, as well as the variables of gender, age, education, work experience, and position. In the column of the first model (LSB on ALC), the effect of the corporate-governance variable on bank agility was measured. The LSB-variable coefficient equaled 0.056, which was significant at the 95% confidence level. Corporate governance had a positive and significant effect on the agility of banks. In this regard, our findings are in line with the findings of Bhattrai (2017), Demir and Danisman (2021), Georgantopoulos and Filos (2017), Khatib and Nour (2021), Lamichhane (2018), Mertzanis et al. (2019), Nguyen et al. (2020), Permatasari (2020), Scherer and Voegtlin (2020), Sivaprasad and Mathew (2021), and Vicnente-Ramos et al. (2020), who found that there is a significant relationship between corporate governance and bank performance, which also increase agility. This means that different dimensions of corporate-governance structures are likely to improve bank agility. In support of this, prior studies have argued that the optimal level of corporate-governance structure for organizations to adopt may be considered a "package," in which the efficiency of a particular set of mechanisms significantly depends on the effectiveness of other sets of mechanisms (Davis and Useem 2002).

The detailed findings are presented in the columns of models 2 to 5. The second model (PSR on ALC) shows that the PSR was positively and significantly associated with ALC due to the coefficient of 0.145 and p-value of 0.002. Denoting the first dimension of corporate governance, which mainly emphasizes preserving the right of beneficiaries, is likely to enhance banks' agility. Further findings also demonstrate that MBM in the third model, with a coefficient of 0.034 and a p-value of 0.000, was positively and significantly correlated with ALC. These figures imply the effective role of board members in policy adoption. To be more precise, boards with particular characteristics are expected to improve banks' agility by implementing necessary policies and regulations. The results of the fourth model (ICA on ALC), with a coefficient of 0.015 and a p-value of 0.019, suggest a positive and significant relationship between ICA and ALC. Therefore, audit-committee characteristics, such as independence, may be expected to play a meaningful role in ameliorating banks' agility levels. Finally, in the fifth model (TRB on ALC), it was documented that the TRB, with a coefficient of 0.025 and a p-value of 0.022, was also positively related to banks' agility. Such findings may be translated into the critical role of transparency in reporting on the level of banks' success in adopting agile procedures. Collectively, it was shown that PSR, with a coefficient of 0.145, had the most significant impact on the level of agility. Therefore, banks seeking to enhance their agility through corporate-governance mechanisms are highly recommended to invest in preserving beneficiaries' rights and wealth.

The level of education as a control variable, as shown in Table 9, played an important role in increasing the agility of banks. In contrast, the variables of participants' age, job experience, and position did not affect bank agility. It is worth noting that bank agility was estimated as better from the point of view of women than that of men.

Table 9. The fit of the main research models.

	Model 1 (LSB on ALC)		Model 2 (PSR on ALC)		Model 3 (MBM on ALC)		Model 4 (ICA on ALC)		Model 5 (TRB on ALC)	
Variable	**Coefficient**	***p*-Value**	**Coefficient**	***p*-Value**	**Coefficient**	***p*-Value**	**Coefficient**	***p*-Value**	**Coefficient**	***p*-Value**
LSB	0.056	0.039								
PSR			0.145	0.002						
MBM					0.034	0.000				
ICA							0.015	0.019		
TRB									0.025	0.022
Education	0.036	0.000	0.021	0.000	0.055	0.001	0.012	0.000	0.048	0.000
Age	0.066	0.152	0.042	0.247	0.058	0.091	0.016	0.174	0.089	0.158
Experience	−0.052	0.183	−0.034	0.189	−0.059	0.172	−0.012	0.112	−0.077	0.227
Position	0.029	0.360	0.021	0.351	0.022	0.289	0.012	0.087	0.034	0.098
Gender	−0.523	0.010	−0.502	0.000	−0.488	0.000	−0.358	0.015	−0.169	0.018
Constant	2.819	0.000	2.254	0.000	1.845	0.000	2.268	0.000	3.048	0.000
Obs	70		70		70		70		70	
R2 Adj.	52.250		53.380		55.400		56.400		50.200	

Note: In the above figure, the abbreviations represent different dimensions of the main variables as follows: ALC: bank agility, LSB: corporate-governance structure of banks, PSR: preserving the right of beneficiaries, MBM: competency of board members, ICA: independence of the audit committee, TRB: transparency of banks.

5. Discussion

In order to optimize the potential role of corporate-governance structure in improving the operational performance of organizations, as documented in existing literature (Davis and Useem 2002; Rediker and Seth 1995; Salehi et al. 2019a, 2019b; Daemigah 2020a), we expect that organizational agility as an aspect of corporate performance may be determined with the corporate-governance structure. The issue of corporate governance in the 21st century has changed from a proposal to a business strategy; rectifying agent–principal conflicts is highly recommended, which would lead to increased rights and wealth for shareholders and other stakeholders. Therefore, this research evaluated corporate-governance mechanisms' impact on Iraqi banks' agility.

The obtained results consistently propose that corporate governance and its four components, including preservation of beneficiaries' rights, board competency, audit-committee characteristics, and transparent reporting, have a positive and significant effect on the agility of banks. This means that banks that have established stronger mechanisms, such as strong monitoring policies, having hierarchical decision-making processes, avoiding illegal activities, taking immediate measures for any violation of owners' rights, and structuring efficient levels of shareholding by each of the owners, are more likely to benefit from the advantages of showing snap and effective responses as a result of being agile. Additionally, board-related governance consists of giving appropriate information to shareholders with appropriate networks and timing; appointing board members based on the criteria of experience and ability; having scientific qualifications, experience, and expertise suitable for directing banking activities; evaluating board members by independent observers at least annually; reporting the actions taken for the implementation of governance criteria in the bank; and assisting banks to implement policies and structures in order to operate in an agile manner. Further findings also imply the audit committee's prominent role in improving banks' general operations. In this regard, previous studies argue that characteristics of audit committees, such as being independent of the directors of the banks and having a realistic sense of view, having sufficient knowledge about the banking industry, having an effective connection with board members, being enable to assess the fairness of provided reports, and having an appropriate sense of risk management and risk-deficit identification, are among the factors determining the degree of banks' agility. Banks with effective and talented audit committees are expected to be more agile compared to their peer banks. Finally, the findings pertaining to the role of reporting quality, as a result of other corporate-governance mechanisms of banks, demonstrate a willingness to increase a bank's agility through the provision of sufficient information for stockholders and stakeholders in a fair manner, enlightening them about the bank's prospective and preparing regular and timely information for the beneficiaries.

Further analyses also demonstrate that the first axis (preservation of beneficiaries' rights) correlated with banks' agility, with the highest effect among the four mentioned components. Therefore, the combination of several dimensions of corporate-governance mechanisms, such as increasing supervision in the banking industry, especially in compliance with laws and regulations, transparency, protection of shareholders' rights, and expert and independent board members, have a critical role in strengthening banks' agility as a whole. Therefore, the detailed findings related to the corporate-governance dimensions at the individual level also confirm such an association.

6. Conclusions

Considering the paper's findings, several practical implications exist for bank owners, managers, and policymakers. Our results suggest that the owners implementing effective and strong corporate governance preserve their wealth through direct monitoring and increase their organizations' value by improving agility. In other words, if banks are willing to improve their competitiveness in the market or guarantee their position in the rapidly changing environments of the banking sector, they are required to increase their agility by employing knowledgeable external board members, implementing IT-related governance mechanisms, and facilitating knowledge sharing inside banks. Moreover, managers and boards of directors are aware that banking sectors are required to improve their agility since they are operating in a rapidly changing and IT-required environment. Thus, these authorities may show a greater tendency to cooperate in establishing strong corporate-governance mechanisms. Finally, policymakers may benefit from the findings of our paper by designing and enforcing regulations that improve banks' corporate-governance mechanisms, particularly those related to boards, ownership, and capital structures. Finally, since microeconomic indicators have been observed to be determinants of macroeconomic indicators (Daemigah 2020b; Salehi et al. 2021), the improvement of banks' performance in terms of agility and financial operation may positively influence macroeconomic indicators such as GDP and employment rate.

This paper, similar to other studies, suffers from some limitations. Accordingly, the most important limitation of the current paper is the small number of questionnaires filled out by respondents, which was driven by the limited number of banks active in Iraq. If a greater number of banks in the market fill out the questionnaires with the effective cooperation of their employees and other affiliated bodies, stronger findings may be expected.

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Appendix A. The Employed Questionnaires

Questions	I Completely Disagree	I Disagree	I Have No Opinion	I Agree	I Completely Agree
Bank agility					
Flexibility					
1. The capability of your bank to provide various services is very high.					
2. The capability of your bank to change the volume of services at the right time is very high.					
3. The amount of attention to flexibility in formulating strategies in your bank is of great importance.					
Responsibility					
4. The ability of your bank to respond to the diverse demands of customers (in terms of the variety of services and number) is very high.					
5. The ability of your bank to react appropriately to changes in the environment (price of raw materials, inflation, government policies, etc.) is very high.					
6. The ability of your bank to benefit from environmental opportunities (seasonal changes, popularity in society, etc.) is very high.					
Culture of change					
7. The level of readiness and acceptance of employees for innovation in all working areas of your bank is very high.					
8. The level of positive attitude towards changes in different areas of your bank (responsibility, technology, etc.) is very high.					
9. The rate of identifying environmental opportunities and threats and exploiting them in your bank is very high.					
Speed					
10. The ability of your bank's employees to quickly learn new tasks is very high.					
11. The speed of the employees in doing work in your bank is favorable.					
12. The ability of your bank to produce and deliver services needed by customers is very high.					
Integrity					
13. Your bank's degree of coordination between the internal environment (employees, goals, laws, etc.) and the external environment (competitors, suppliers, market, etc.) is very high.					
14. The degree of coordination in the banking process in your bank is in a favorable condition.					
15. The level of coordination between your bank's partners, supervisors, and auditors is very high.					
Quality					
16. The quality of services provided by your bank is satisfactory.					
17. The provision of necessary information about the services provided to clients in your bank is favorable.					
18. The degree of continuity of product quality during its useful life in your bank is in a favorable condition.					
Merit					
19. Your bank's ability to deal with different risks simultaneously (competitor pressure, inflation, decrease in demand, government pressure, etc.) is very high.					

Questions	I Completely Disagree	I Disagree	I Have No Opinion	I Agree	I Completely Agree
20. The rate of taking measures to prevent competitors from copying the designs and technologies used by your bank is very high.					
21. The ability of your bank to form fast cooperation with competitors is very high.					
Human resources					
22. The level of access of employees to the information and knowledge needed in your bank is very high.					
23. The amount of team and group work completed by your bank's employees is good.					
24. The level of attention to the individual initiative of the employees in your bank is very high.					
Corporate Governance in Islamic Banks of Iraq					
The first axis: the actions of the bank regarding guaranteeing the rights of shareholders and beneficiaries					
25. The bank treat all stakeholders fairly, including shareholders, depositors, and investors.					
26. The bank tries to avoid illegal activities that put shareholders' rights at financial risk.					
27. The bank has a fair structure for rewards and damages.					
28. The bank is committed to taking immediate measures for any violation of owners' rights.					
29. The transfer of ownership of shares is carried out based on guaranteed legal measures.					
30. Bank management tries to give appropriate information to the shareholders with appropriate networks.					
31. The bank is committed to the upper limits of ownership by large shareholders (10%) and otherwise obtains in-principle approval.					
32. The bank undertakes that the founders' share does not exceed 20% of the shares and 50% of the capital; the rest is subscribed.					
33. The bank's board of directors is encouraged to build strong relationships with common stakeholders to strengthen governance practices.					
34. Bank management is required to fulfill its obligations to debtors and other related parties based on the payment schedule.					
The second axis: the competence and independence of the board of directors and executive management					
35. The bank has an internal regulation that guarantees candidacy for board-of-directors membership based on the criteria of experience and ability.					
36. Most of the members of the board of directors have scientific qualifications, experience, and expertise suitable for managing banking activities.					
37. The board of directors establishes general goals, plans, and policies based on applicable criteria by the executive management.					
38. The board of directors tries not to share the members of the board of directors and the executive management.					

Questions	I Completely Disagree	I Disagree	I Have No Opinion	I Agree	I Completely Agree
39. The activity of the board of directors is for four years, and it is not possible to re-present as a candidate to be a member of the board of directors except by evaluation, which should not occur for more than three terms.					
40. The board of directors tries to have two independent members outside the bank who have no direct or indirect connection with the bank.					
41. The board of directors provides clear bills and instructions that guarantee the bank's legal measures.					
42. The bank has a charter and policies for proper management (training of human resources, integrated quality and job behavior, etc.).					
43. The performance of the board of directors and executive management is evaluated by independent observers at least once a year.					
44. The board of directors has permanent and temporary committees based on the expertise and capabilities of the members, and their duties and powers are specified.					
45. The formed committees perform their duties efficiently and advise the board of directors based on appropriate timing.					
46. A governance committee qualifies individuals and reports on implementing governance-criteria management.					
47. The board of directors presents the actual amounts earned by the chairman of the board of directors and members and executive management in an annual report.					
48. The board of directors interacts with all shareholders based on equality, which guarantees justice in rights and duties.					
The third axis: the ability and independence of audit committees					
49. The independence and realism of the internal auditor play a role in the governance of the bank's performance and prevents conflict of interests between the administration and the owners.					
50. The bank tries to ensure that the internal auditors are at an excellent scientific and practical level and are familiar with the company's process and actions.					
51. Audit units are connected with the board of directors and its employees are independent and capable.					
52. In the bank, there is a special audit unit called the internal-supervision department, and its employees are capable and independent.					
53. The audit committee ensures that the financial reports issued by the banks reflect the truth of the bank's financial strength.					
54. The monitoring committee follows the work of the internal auditor and ensures their independence.					
55. The internal-audit department has an active role in risk management by determining and evaluating important areas at risk in the bank.					
56. The internal-audit department is under the internal control of the periodical evaluation process, and attempts are made to investigate its problems and follow through with its correction.					
57. Internal audit plays a role in guaranteeing the right of shareholders to comment on the appointment of board members.					

Questions	I Completely Disagree	I Disagree	I Have No Opinion	I Agree	I Completely Agree
58. Internal audit helps guarantee shareholders' right to vote in person or by proxy, and all votes are given the same value.					
The fourth axis: the transparency policy in the bank					
59. All information with relative importance, in addition to that specified by the law, is provided at the right time and guaranteed to reach all stakeholders.					
60. Equal opportunity exists to ensure that information reaches everyone at the right time and at the lowest cost.					
61. The bank provides future perspectives and risks periodically and continuously.					
62. The bank's transparency policy aligns with international accounting standards or the National Control Department.					
63. The bank provide the governance structure and policies and the degree of their implementation in the bank.					
64. The process of providing transparent information is continuous and available to the public at a specified time and with simple tools at no cost.					
65. Commitment to the transparency and accuracy of the information and providing it at a specified time increases the trust of shareholders and customers.					
66. The board of directors is committed to publishing specific information about the capital structure and related facilities to protect the interests of small owners.					
67. Transparency is pervasive and assesses the bank's financial strength and risk-taking activities.					

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