ANALYSIS OF THE RELATIONSHIP BETWEEN EMPLOYEE MOVEMENT INFORMATION AND STOCK RETURNS ANALYTICAL STUDY ON THE IRAQI STOCK EXCHANGE

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Abstract:

This paper examines the effects of asset returns on labour market shocks. By verifying the relationship between employee movement information and changes in stock prices and returns and exploiting overlapping recognition of the principle of inevitable corporate disclosure as an external event that negatively affects employee mobility. Companies show a significant increase in the risk of stock price collapse compared to similar companies. Furthermore, the positive impact on the risk of a company collapse appears only after disclosure has been recognized and is unlikely to be driven by unobscible economic conditions. The impact is more pronounced for companies with higher mobility in previous jobs, which face stiffer competition and higher levels of entry and employment threats. In a stable industry.

1.1 Introduction:

The transfer of information among companies has been an important topic in both economic and financial studies. A wide range of literature documents the economic consequences, mostly the reaction of market participants to corporate news. A number of studies also suggest mechanism and factors affecting conversion, including analysts' understanding of exporting companies, asset privacy, corporate hedging, internal trading, comparability of financial statements, and data return.

This study examines this aspect from a new perspective by exploring the role of mobility of workers in facilitating the transfer of information between companies and examines the associated effects on the efficiency of asset prices, particularly the risk of stock price collapse. The movement of staff between two companies usually leads to the transfer of information among themselves. It can become a key mechanism for companies to become familiar with their competitors because both companies are reluctant to disclose much of the material information when a company employs an employee from a rival company, while at the same time increasing knowledge about its competitor's current operations, financial position and future investment plans. More importantly, access to the competitor's "ownership" information can continue over time due to the social connection between the newly appointed employee and his colleagues and the information sent through the employee's switch to the job may include secrets or business techniques that are the company's most valuable assets and may also contain confidential company-specific negative information.

The share price collapse occurs when the company's accumulated negative information is released to the market at once. Existing literature has proposed two frameworks for collision risk sources in general. Negative information is incorporated by pessimistic investors into the

share price because of their inability to sell. After optimistic investors leave the market, the pessimistic group becomes marginal buyers and the bad news that has previously been withheld to the market is revealed, leading to a price collapse. Corporate finance literature is trying to explain the collapse in stock prices under the Agency's theory. Managers can strategically block or delay the disclosure of bad news due to professional concerns, expecting to be compensated by following the good news.

The remaining research sections consist of the first section, methodology and the second, literary review, while the third section included the applied aspect, while the latter section dealt with conclusions and recommendations and then practical references.

1 .2 Methodology

1.Research problem

This paper builds on the idea that mobile workers effectively bear some of the company's capital productivity when they leave the industry. A controversial topic is the threat of skilled employees who can carry the organization's capital (OC) away from the employer and these restrictions make it difficult to assess how employment dynamics are important for equity returns. The problem can be summarized by the following questions:

A. What is the reality, level and efficiency of information related to the movement of employees and the extent to which they are documented in researched companies.

B. How closely do business turnovers and returns and risk shares in researched companies be associated?

C- What are the theoretical and intellectual foundations for the information related to the movement of employees and the returns and risks of shares.

2 .The importance of research

The importance of the research stems from the importance of the phenomenon of the movement of workers and its causes and the consequences of the return and risk of shares and the consequent financial burdens and procedures and what are the positives and negatives that can happen and to stand on the obstacles facing the researched companies in the field of employing information related to the movement of workers in the return and risk of shares.

3. Search objectives

The research aims to verify the relationship between the movement of workers and the return and risk of shares through the study of three sectors of industrial, service and telecommunications listed on the Iraqi Stock Exchange and through the use of indicators expressing the variables of the study to analyze and measure the relationship between the movement of workers, and the subject was studied for market sectors using annual data for sixteen years (2005-2020). To find out the role of independent variables in the affiliate, the objectives of the study can be reviewed as follows:

A- Identify the reality, level and efficiency of information related to the movement of employees and the extent to which they are documented in researched companies.

B- Measuring the extent of the correlation between worker turnover, return, risk and shares.

C- Determining the theoretical and intellectual basis of information related to the movement of workers and on returns and a risk.

4.The research hypothesis

 The first key hypothesis (HO1): High (low) net worker flows reflect negative (positive) signals about the future of equity returns and risk.

Ho2: There is no statistically significant correlation between employee movement information and corporate equity returns sample study. The sub hypotheses are derived from:

Sub- hypothesis I (HO21): There is no statistically significant correlation between information on the change in the number of employees and the returns and risk of shares with their indicators for the study sample companies

Sub-hypothesis II (HO22): There is no statistically significant correlation between employee movement information, returns and stock risk with its indicators for study sample companies

Hypothesis 3 (HO23): There is no statistically significant correlation between information on the change in employees' salaries and wages and equity returns with their indicators for the study sample companies Stock.

5- Community and sample research

The study population is represented by the Iraq Stock Exchange. The study sample consists of a sample of companies of different sectors listed in the Iraq Stock Exchange.

1. 3 Theoretical Side

The literature showed the economic consequences of labour market shocks, particularly the impact of employment on corporate outcomes, and Gourio (2007) found that labour intensity and heterogeneity of CT productivity could amplify cash flow fluctuations confirmed. (2011) Molina Chen, Kacperczyk, and Ortiz that the cost of capital is higher for industries with high trade union levels, which in turn reduces flexibility on the labor demand side. Belo, Lin, and Bazdresch (2013)) Merz and Yashiv (2007), similar to a production factor similar to physical capital, in standard asset pricing models Q-theory to link the company's employment decisions to the company's value and equity returns, respectively. The movement of employment can also lead to a discrepancy in the company's operational leverage. For example, in the general balance model, Danthine and Donaldson (2002) determine that the share of capital to work contrary to economic cycles leads to operational leverage resulting from employment.

Similarly, Donangelo (2014) focuses on the flexibility of the supply side of employment and finds that

Companies facing higher operational leverage have low employment mobility.

In addition, we add to the literature on the risk of stock price collapse by revealing a new factor that affects the behaviour of bad news management and, as such, the resulting stock price collapse. The share price collapse occurs when the company's accumulated negative information is released to the market at once. Existing literature suggested two frameworks for collision risk sources in general. Focuses. Hong and Stein (2003) on the friction of financial markets and highlights the role of investor heterogeneity in belief. Negative information is incorporated by pessimistic investors into the share price because of their inability to sell. After optimistic investors leave the market, the pessimistic group becomes marginal buyers and the bad news that has previously been withheld to the market is revealed, leading to a price collapse. Instead, corporate finance literature tries to explain the collapse in stock prices under the

agency's theory. Managers can strategically block or delay disclosure of bad news due to professional concerns (Jin and Myers 2006) or special benefits (Bleck and Liu 2007) expecting to be compensated by following the good news. Current studies have identified a series of incentives and management tools to store bad news, including accounting conservatism (Kim and Zhang 2016), corporate philanthropy, stock incentives, the darkest financial reports (Kim and Zhang 2016), liability insurance (Zhang, Xie, Xu 2016), acquisition protection (Bhargava, Faircloth, and tax evasion (Kim, Li, and Zhang, 2011a). There is a list of other factors that can affect:

Risks of collapse, including accounting standards (DeFond et al. 2014), analyst coverage (Xu et al. 2013), (Jin and economic policy uncertainty, Chen 2019) and Chang, Liquidity, Zolotoy 2017), Chen, Media Morale (Zhu et al. 2017), Stakeholder Orientation (Li and Zhang 2019), Political Power (Lee and Wang 2017); (Li and Chan 2016) and Religion (Callen and Fang 2015) (Cao, Trust, Xia and Chan 2016; Li and Wang can also affect the risk of collision. We are also expanding the literature by focusing on the information transfer channel and highlighting the role of employee mobility in reducing the manager's success in preventing the flow of negative information into the stock market. We demonstrate that employee mobility can adversely affect the risk of disruption by facilitating the flow of information through companies.

The third set of studies in which this paper contributes relates to the impact of programs and regulations related to the work on the company's results, such as capital structure decisions (Simintzi, Vig, and Volpin 2014; Serfling 2016), Acquisitions (Kobeissi, Sun and Wang 2010;) Acquisitions Dessaint, Golubov and Volpin 2017, privatization (Subramanian and Megginson 2018) and bank credit supplies (Agarwal et al. 2020). Our study is also widely linked to other types of regulations including investor protection (Boubakri, Cosset, Guedhami, 2005) and the reform of the divided stock structure (Guo, Dai, and Lien 2016).

1.4 Descriptive statistical analysis and correlations Some general statistics1:

The following table includes the values of minimum and upper variables as well as the computational medium and the standard deviation of the independent and approved variable set:

Table No. (3-1)

General statistics for the range of variables

المتغير	عدد المشاهدات	ادنى قيمة	اعلى قيمة	الوسط الحسابي	الانحراف المعياري
X1	128	-26.4910	112.5000	7.820813	19.4848043
X2	128	-29.8470	52.9410	2.325124	11.5718921
X3	128	-89.0351	12520.5543	115.801352	1109.3970100
Ri	128	-66.4600	295.4550	38.572984	55.8208767
P_E	128	-62.8810	294.2080	25.241585	55.5173442
EPS	128	-2.5320	8874.8990	726.869506	2092.1297910
M_B	128	.1250	5400.0000	705.834096	1208.4809870

We note from the results in the table that the lowest value of the x1 variable (change in the number of employees) was -26.4910 and the highest value was 112.5000 and that its computational average is 7.82013 with a standard deviation of 19.4848043. The lowest value of the x2 variable (turnover rate) was -29.8470 and the highest value was 52.9410 and its computational average is -2.325124 with a standard deviation of 11.5718921. The lowest value of the variable (x3 change in wages and salaries) was -89.03 51and the highest value was 12,520.5543 and its arithmetic average is -. 115.801352 with a standard deviation of 1109.3970100. The lowest value of ri variable (earnings per share) was -66.4600 and the highest value was 295.4550 and its computational average was 38.572984 with a standard deviation of 55.8208767. The lowest value of the PE variable (price/earnings per share) was -62.8810 and the highest value was 294.2080 and its computational average was 25.241585 with a standard deviation of 55.5173442. The lowest value was for the EPS variable (earnings per Share) reached -2.5320 and the highest value was 8874.8990 and its computational average is 726.869506

By standard deviation reached 2092.1297910. The lowest value of the MB variable (market value-to-book ratio of shares) was .1250 and the highest value was 5400.0000 and its computational average was 705.834096 with a standard deviation of 1208.4809870.

The following graph gives a clearer picture of the general statistics values of each of the variables in the table above:
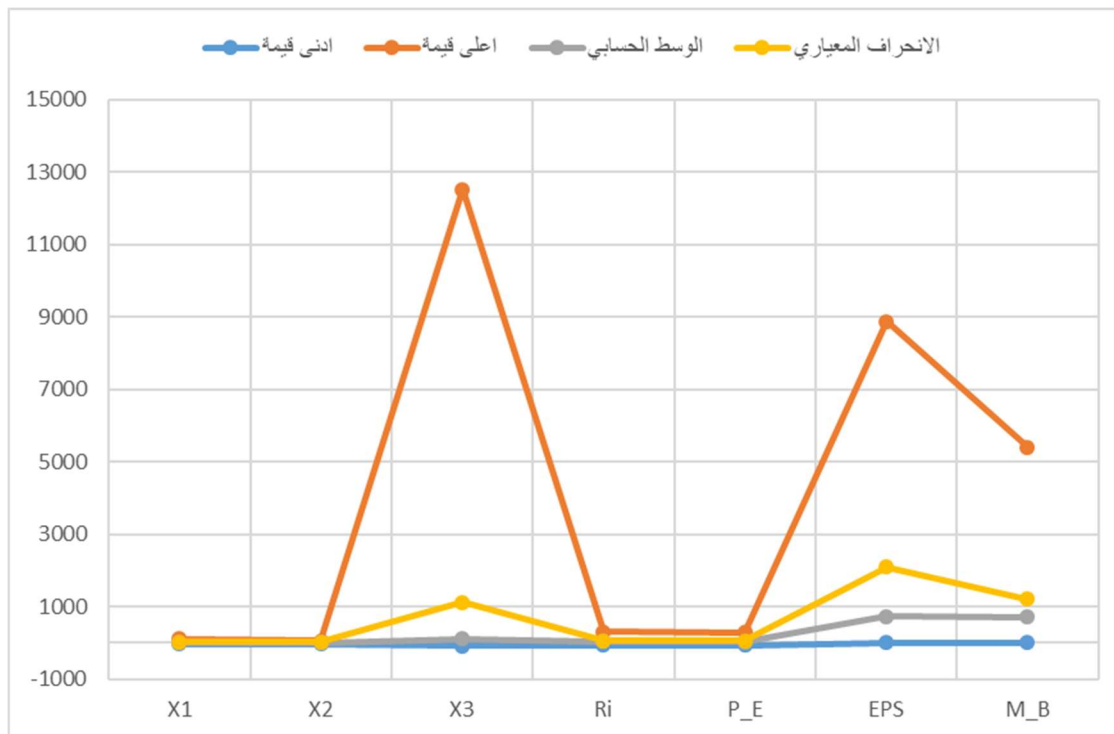
Form no. (3-2) general statistics of variables

Source: Prepared by the researcher based on the program spess v.24

2:Moral test links

The correlation relationship will be tested here and the moral and strength of the relationship between variables will be determined, and to achieve this goal the results that have been included in the following table have been found:

Table No. (3-3)

Correlations and morale between variables

Correlations

		X1	X2	X3
Ri	Pearson Correlation	.261[**]	.206[*]	.188[*]
	Sig. (2-tailed)	.003	.020	.034
	N	128	128	128
P_E	Pearson Correlation	.284[**]	.205[*]	.139
	Sig. (2-tailed)	.001	.020	.117
	N	128	128	128
EPS	Pearson Correlation	.249[**]	.037	-.035
	Sig. (2-tailed)	.005	.682	.692
	N	128	128	128
M_B	Pearson Correlation	.220[*]	.209[*]	-.053
	Sig. (2-tailed)	.013	.018	.553
	N	128	128	128

[**]. Correlation is significant at the 0.01 level (2-tailed).

[*]. Correlation is significant at the 0.05 level (2-tailed).

The researcher has developed a set of hypotheses concerning the relationship between variables as follows:

A. Hypotheses regarding the correlation between independent variables and ri variable
(1The first hypothesis (x1-Ri link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X1 and Ri.

Against the alternative hypothesis.

H1: There is a morally significant correlation between X1 and Ri.

Through the results in the table above, it is clear that the correlation value between the two variables was .261 and that the moral value of it sig.=.003 and because this value is less than 5%, this indicates that the correlation between X1 (change in the number of employees) and Ri is a moral expulsion link below the level of statistical indication of 5%.

2) Second hypothesis (X2-Ri link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X2 and Ri.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X2 and Ri.

Through the results in the table above, it is clear that the link between the two variables amounted to .206 and that the moral value of it sig.=.020 and because this value is less than 5%, this indicates that the link between X2 and Ri is a moral expulsion link below the level of statistical significance of 5%.

3) Hypothesis III (X3-Ri link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X3 and Ri.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X3 and Ri.

Through the results in the table above, it is clear that the link between the two variables was .188 and that the moral value of it sig.=.034 and because this value is less than 5%, this indicates that the link between X3 and Ri is a moral expulsion link below the level of statistical indication of 5%.

B. Hypotheses related to the correlation between independent variables and pe variable

1 -The first hypothesis (x1-PE link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X1 and PE.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X1 and PE.

Through the results in the table above, it is clear that the correlation value between the two variables was .284 and that the moral value of it sig.=.001 and because this value is less than 5%, this indicates that the link between X1 and PE is a moral expulsion link below the level of statistical indication of 5%.

2 -For the second hypothesis (x2-PE link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X2 and PE.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X2 and PE.

Through the results in the table above, it is clear that the link between the two variables amounted to .205 and that the moral value has sig.=.020 and because this value is less than 5%, this indicates that the link between X2 and PE is a moral expulsion link below the level of statistical significance of 5%.

3. Hypothesis III (X3-PE link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X3 and PE.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X3 and PE.

Through the results in the table above, it is clear that the link between the two variables was .139 and that the moral value of it sig.=.117 and because this value is greater than 5%, this indicates that the link between X3 and PE is an inethonoty link below the level of statistical significance of 5%.

C. Hypotheses regarding the correlation between independent variables and eps variable

1. The first hypothesis (x1-EPS link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X1 and EPS.

Against the alternative hypothesis.

 H1: There is a morally significant correlation between X1 and EPS.

Through the results in the table above, it is clear that the correlation value between the two variables was .249 and that the moral value of it sig.=.005 and because this value is less than 5%, this indicates that the link between X1 and EPS is a moral expulsion link below the level of statistical significance of 5%.

2. Second hypothesis (X2-EPS link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X2 and EPS.

Against the alternative hypothesis.

 H1: There is a morally significant statistical correlation between X2 and EPS.

Through the results in the table above, it is clear that the correlation value between the two variables was -.037 and the moral value of it sig.=.682 and because this value is greater than 5%, this indicates that the link between X2 and EPS is a non-moral correlation below the level of statistical significance of 5%.

 3. Hypothesis III (X3-EPS link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X3 and EPS.

Against the alternative hypothesis.

 H1: There is a morally significant statistical correlation between X3 and EPS.

Through the results in the table above it is clear that the value of the link between the two variables has reached. -035 And the moral value has sig. = .692 and because this value is greater than 5%, this indicates that the link between X3 and EPS is a non-moral link below the level of statistical indication of 5%.

C. Hypotheses regarding the correlation between independent variables and MB variables

1. The first hypothesis (x1-MB link test)

The researcher developed the below zero hypothesis that was developed to test the link between

the two variables:

H0: There is no morally significant statistical correlation between X1 and MB.

Against the alternative hypothesis.

H1: There is a morally significant correlation between X1 and MB.

Through the results in the table above, it is clear that the link between the two variables was .220 and that the moral value of it sig.=.013 and because this value is less than 5%, this indicates that the link between X1 and MB is a package and moral correlation below the level of statistical significance of 5%.

2. Second hypothesis (X2-MB link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:

H0: There is no morally significant statistical correlation between X2 and MB.

Against the alternative hypothesis.

H1: There is a morally significant correlation between X2 and MB.

Through the results in the table above, it is clear that the correlation value between the two variables was .209 and that the moral value of it sig.=.018 and because this value is less than 5%, this indicates that the link between X2 and MB is a moral expulsion link below the level of statistical significance of 5%.

3 -Hypothesis III (X3-MB link test)

The researcher developed the below zero hypothesis that was developed to test the link between the two variables:H0: There is no morally significant statistical correlation between X3 and MB.Against the alternative hypothesis. H1: There is a morally significant correlation between X3 and MB.Through the results in the table above it is clear that the value of the link between the two variables has reached. -053 And the moral value has sig. = .553 and because this value is greater than 5%, this indicates that the link between X3 and MB is a non-moral correlation below the level of statistical indication of 5%.For the purpose of giving a clearer picture of relationships, the researcher drew the correlations between variables as follows:
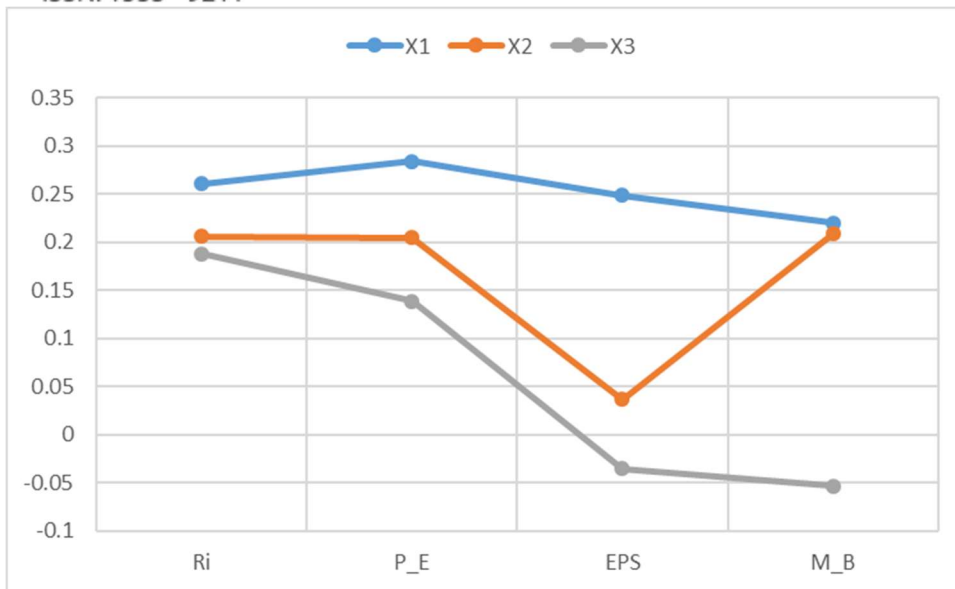
Shape No. (3-4)

Correlations between independent variables on the one hand and variables adopted on the other
From the figure above it is clear that the strongest correlation was between the X1 and PE variables while the weakest correlation was between the X3 and EPS variables.

1. 5Conclusions and recommendations

First: Conclusions

The results show that companies with high mobility of workers face more intense competition and higher degrees of income threats and that companies operate in a stable industry that supports the combined results of the view that employment stability may hinder the transfer of information between companies and motivate the management team to store bad news.2. The research provides a vision of external factors resulting from policies that shock the labour market and hinder the movement of workers. More specifically, our results determine that these regulations may bring unintended consequences and affect the efficiency of information and prices, which constitute the concept of market efficiency. Our findings also provide some implications of optimal policy design to enhance the disclosure of company information. Future research can explore whether there is a similar impact on the company's price in relation to other relevant work-based regulations and policies.After analyzing the results in practice, the researcher reached a set of conclusions:4. The correlation between the change in the number of X1 employees and ri earnings is a moral expulsion link below the statistical indication level of 5%.5. The correlation between x2 turnover and Ri share return is a moral ejection link below a statistical indication level of 5%.6. The correlation between the change in wages and salaries X3 and the return on ri share is a moral expulsion link below the level of statistical indication of 5%.7. The correlation between the change in the number of X1 and PE employees per share is a moral expulsion link below the 5% statistical significance level.8. The correlation between x2 and PE per share is a moral ejection link below a statistical indication level of 5%.9. The correlation between the change in wages and salaries X3 and PE per share is a non-moral correlation below the statistical indication level of 5%.10. The correlation between the change

in the number of X1 employees and the profitability rate of eps is a moral expulsion link below the statistical indication level of 5%.11. The correlation between the X2 turnover rate and the EPS share profitability ratio is a non-moral correlation below the statistical indication level of 5%.12. The correlation between X3 change in wages and salaries and the profitability rate of eps shares is a non-moral correlation below the level of statistical indication of 5%.13. The correlation between the change in the number of X1 employees and the ratio of market value to MB book is a package and moral correlation below the level of statistical indication of 5%.14. The correlation between the X2 turnover rate and the market value-to-book MB ratio is a moral ejection link below the statistical indication level of 5%.16. The correlation between the change in wages and salaries X3 and the ratio of market value to MB book is a non-moral correlation below the level of statistical indication of 5%.17. The strongest correlation was between the variables of the change in the number of X1 and PE workers, while the weakest correlation was between the variables of the change in wages and salaries X3 and EPS.

Second: Recommendations

1.Corporate governance should increase interest and follow-up of information reflected in the movement of workers, especially companies facing more intense competition and higher degrees of income threats, and work to make employment more stable because this prevents the transfer of information between companies and motivates the management team to store bad news and not to publish it to competitors.

2. The need to focus on external factors resulting from policies that shock the labour market and hinder the movement of workers. More specifically, factors that may bring unintended consequences and affect the efficiency of information and prices, which constitute the concept of market efficiency.

3.The need to rethink and consider the optimal design of the incentives and compensation policy to promote employment in the company. Support future research activities to explore whether there is a similar impact on the company's share price related to business stability.

4.Focus attention and analyze changes in stock prices and know and determine their causes, especially since the results indicate a moral relationship between them and changes in the movement of workers.

5.Monitoring and examining the change in the rates of entry and exit of workers to the company and the rate multiplier because the results proved a strong relationship between these two variables and work to look at the reasons for the increase in movement of the company's workforce.

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