International Journal of Research
Available at https://edupediapublications.org/journals
p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 02
February 2017

The Reflection of Unsystematic Risk on the Profitability of Share Investment an Applied Research in the Stock Market of Iraq

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Abstract
The current research paper investigates the reasons behind unsystematic risks reflection upon stock exchange investment profitability, according to any company's circumstances in addition to the data of internal environment, this is due to the fact that unsystematic risks are non- market risks arising from the company itself whether they resulted from the management or the investor, also they are part of the total risks of the company which effect the proficiency of the organization. Profitability is the main aim of all industrial and service organizations and of the investors in stock market as well. The stock exchange investment is regarded the widely – spread type of Business among OWNED financing. The statement of the problem has been selected for the lack of certainty which prevails the stock exchange together with the probabilities that the stock exchange investors may be subjected to risks and led to the fact that there are no procedures for protecting them. Certain kind of companies whose their shares are listed in the Iraqi stock market were selected as the sample of this research paper. From (84) companies the researchers chose only (30) companies from different sectors as: services sector, banking sector, insurance companies, investment companies and agricultural and industrial companies. The research has reached to many conclusions and recommendations like: coefficient of variation as a scale of unsystematic risk of the chosen companies indicates that a great fluctuation in its revenues compared to companies that showed reduction in the un systematic risk levels as a result of limited fluctuation of investment revenues. One of the main recommendations is that the investor should not take into his account the profitability of stock exchange as a basis to measure the unsystematic risk yet, he should pay attention to other factors related to unsystematic risk of those companies.

Keyword: (unsystematic risk, profitability, stock exchange (share) revenues, stock markets).

Introduction
Stock market is the place where the bank notes are exchanged between the vendee (buyer) and vendor (seller) accordance with rules and regulations. The investors who aim to inter or participate in the stock market have various goals, they either achieve profits from stockjobbing or from long term investment and the earning of annual profits distributions on their shares. Iraqi stock market sectors are classified into eight sectors as (banks,

insurance, investments, services, industry, hotels and tourism, agriculture, and telecommunications) under these sectors there are (84) companies that have presented accounts and financial data. In order to meet the objectives of this research and find solution(s) to the problem statement, this research is divided into five sections: the first section is research methodology, second is theoretical framework, third is unsystematic risk of investment, and forth is results and discussion, fifth section which is the last one, is conclusions and recommendations.

Research methodology

Problem statement

The problem statement of this research is about the uncertainty in the stock market accompanied with the possibilities of exposing the Iraqi investor in the common stock to many risks introduced by the lack of management efficiency like bad behavior and disability to make write decision in the emergencies thus the uncertainty effects negatively on share's profits, this issue reflects on the difficulty of using current resources which may lead to the expansion of investor benefits if they are not used properly.

Objectives

- To display concepts and measurement's methods of risks and profits within the specified limits of the current research.
- To present conceptual framework works on synthesizing the relation between research variables in their theoretical framework and prepare them to be experimentally tested.
- To analyze the relation between profits and unsystematic risks of investment in the common stock and show the effects of this relation in share investment (stock exchange investment).

Research hypotheses

Two hypotheses of this research adopted the approach of descriptive induction after studying and observing share profitability of the industrial sector within the period of conducting this research, these hypotheses are:

- There is a statistical relation between share profits and unsystematic risk of investment.
- Profits inequality has statistically spiritual effects in the unsystematic risks of the companies (research's sample).

Research methodology and data collection

Research methodology is a design through which the plans are put for collecting data to show study's aims, according to the study nature that represented by testing the effects of profits in the unsystematic risks and in order to meet the objectives, researchers used the appropriate approach for this study. Induction approach was used through the theoretical frame work of the share profits and unsystematic risks then the analytical and descriptive approach was used to study the relation between share profit and unsystematic risks by using statistical methods and measurement tool which is known as SPSS. Iraqi stock market productions\releases were used for collecting data, these releases consist of annual financial lists (balance sheet, income account, and other companies' accounts) through companies' index represented by market management.

Sample size

sample size is (30) companies from companies' list of Iraqi stock market that has been taken by using calculated non-random observation which formed about %36 from the sample size of the research represented by Iraqi stock market within the years (2012-2013) which is enough to measure research's variables and use quantitative approach plus to the relative stability of share profit at that period in addition to the available data to be analysed at the same period of research, in the selection of study's sample, objective criteria were adopted as:

1. Company's profits within the study period.
2. Shares exchange of a company within the period of this study.
3. Data availability of any company for analysing them.

Research variables and measuring methods

1) Share profitability: is the main goal of the investors and for the permanence and the survival of any company as well, share profitability shows the relation between profits and reasons behind them or the elements that caused these profits. (Moraizeq 6: 2014)

The measurement of this variable is the income ratio of the investment and income ratio of the ownership\ estate as it is shown in these two equation:

(1)……. Income ratio of investment (ROI) = net income\ assets

(2)…….. Income ratio of estate (ROE) = net income\ ownership

2) Unsystematic risks: these risks result from special factors of a company that export share\exchanges and make this company unique from other. Also these risks are represented by the instability of any share income. The factors that cause these risks are: labor strikes in the company, new rival inventions, and misconduct.

But all these risks could be controlled when the investor diversifies the portfolio of investment, variation coefficient represents statistical unsystematic risks which is measured as the following equation (Al-Amiri 287: 2013)

CVRj= σRj/ Rj………. (1)

CVRJVariation coefficient of unsystematic risks.

σRjStandarddeviation of the income ratio.

RjAverage of income ratio.

INTELLECTUAL FRAME WORK

Intellectual frame work of share profitability

Profitability concept

Profitability expresses the relation between profits and the elements caused them. It is defines as the final result of the policies and decisions that implemented by the company's management.

Profitability saves the money for loans payment and funding companies spontaneously. It is also used to judge the efficiency and effectiveness of any company's management. (Moraizeq 6: 2014), according to this perspective we found that profitability represents the basic target of a company and a tool to test decision efficiency taken by any company i.e (make wise decision) to achieve fruitful income, it relates to how the company uses available resources and funding decision of how the company can get money for promoting its work. (Abdulnasir 24:2012)

Two decision for profitability achievement:

Funding decision

It is how to choose the resources of money to fund the investment in a way enables the investors for earning the barest income by taking the advantage of loans that have fixed coast, this will save the investors from that risks of over borrowing (Al-Amiri 9:2010).

Funding decision is also defined by Al-Amiri as selecting a proper combination for funding that consists of short termed funding, long termed funding, estate funding, property financing and debt financing all these will lead to least coast and huge wealth. (Al-Amri 25: 2013)

Investment decision

Is the distribution and customization of company's funds in the investment's structure that means the distribution of investments among the short termed investments (current assets) and long termed investment (fixed assets), this could be measured by current assets ratio to fixed assets one. This test is important due to its effects on liquidity and profits of company.

Profitability measurement

It is measured by using number of ratios and financial indexes represent the final result for number of policies and decision of the company. Profitability ratio presents important information refer to how active and efficient these policies, and shows the effects of liquidity and debts on the operational result of the company. Also, profitability ration reflects the overall performance and unifies management's decisions because it tests the company's ability in producing profits from sales, assets, and ownership, profits represent the basic measurement of the efficiency of the investment, financing, and operational policies of the company's management.

The profitably ratio could be measured by:

Gross income margin: refers to the remaining percentage for each Iraqi Dinar of sales after deducting the coast of sold goods, this rate refers to the management efficiency in pricing, generating sales, and control costs, this rate is got by dividing total income by sales. The rate of total income margin= total income\ net sales.

Operational income margin: refers to the remaining percentage for each Iraqi Dinar of sales after deducting the cost of sold goods and the operational costs, the rate of operational income margin represents the income which result from operational activity of the company before fines and taxes, this rate is important to measure the overall operational efficiency of the company and it is calculated by this equation: Rate of operational income margin=

profits before fines and taxes (EBIT)\ Sales net

Net income margin: refers to the remaining percentage for each Iraqi Dinar of sales after deducting the all costs, this rate is concluded by dividing net income by sales. Rate of net income margin= net income\ net sales

Return on investment (ROI): also known as Return on Assets (ROA), it measures management's efficiency in achieving profits from the total of assets investment, the company always searches for increment in the investment income because it the basic scale of the company's long and short termed investments also, the increment of these indexes altitude refer to efficiency of the operational and investment policies of the company. This ratio also refers to the efficiency of the company of the best usage of assets in order to accomplish profits through the investment of different assets and comparing this rate with others over previous years or by the industry standard. Whenever this rate increases this will refer to the increment of efficiency in using assets and vice versa, it is calculated according to the following equation:

Return on assets ROA= net profit before tax\ total assets

Return on Equity (ROE): this rate aims to measure the rate of the achieved return (income) of the investment of owners' funds, and it shows management performance, thus the altitude of the return rate on equity is the evidence of the efficient company, it may also refer to the high risk that result from the financial increment on the other hand its reduction refers to a conservative financing loans, it is calculated according to the following equation:

Rate of return on equity= net income\ equity

Stocks and their kinds:

Common Stocks: it is defined as a document that has one face value and raises for IPO, which could be negotiated and has no deadline to be payed, common stocks financing is the most common one among other property finance because it doesn't bear the company any burdens or legal commitments like providing distributions for ordinary shareholders, unlike other financing forms as excellent share and bonds, those shareholders can sale ordinary share to the investors through sub- market. Ordinary shareholders considered as the stuff of the company that' why they have some privileges like: (Obaidat 25: 2008)

Advantages of ordinary shareholders:

1. They have the right of voting on the decision of company's management and observing its activities, according to their participation in the share capital.
2. They have the right to receive profits distributions in case the company achieves profits and makes the decision to distribute them, which means that profits distribution is uncertain and unstable on contrary with the excellent stocks and bonds that have fixed and certain profits distribution.

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 02
February 2017

3. They have the priority in buying new releases from the institution before displaying them, in order to preserve their legal position of voting.

The outlet and the disadvantages on the ordinary stocks represented by:

1. Profits distribution subjected to tax and this increases its cost compared with financing funding like debts.
2. Costs of producing ordinary stocks might be high according to the procedures.
3. Expansion in the releases increases the number of owners this will lead lose control on the management by theold owner.
4. Increment of owners increases the distribution of profits this will lead to decrease the profits due to the reduction ofreserved profits for re- investment.

Excellent share: these shares gather bonds and ordinary shares because they look like bonds in the distribution of fixed profits in which the holder is not allowed to vote in the meeting of board director of the company. On the other hand they are similar to the ordinary share because it doesn't have a dead line, in addition the company is not committed by paying profits distribution for their holder in the case of non- achievement.

Features of excellent shares:

1. Excellent share does not pose burdens in case the profits are not achieved this issue does not lead to company's bankruptcy.
2. The rate of profits distribution by excellent shareholder is fixed rate, which means that excellent share does not participate in any increment in achieving profits, but it is only restricted on ordinary shareholder.
3. Issuing excellent share doesn't need to credential insurance, and this will not change the assets of the company
4. Excellent share is a pledge tool to pay back its cost to the investors through the company.

Disadvantages of the excellent share.

1. Excellent shares have higher costs than bonds because theirs profits are not included in the tax.
2. They are a group of profits which means excellent share holder can get profits even if they are not distributed in same year and this leads to increase their costs.

THEORETICAL FRAMEWORK

Theoretical frame work of unsystematic risks of investment

Risk conception: any investor may face many kinds of risks thus there possibilities that he real income (return) is different form the expected one, this case is the main risk that results from different external factors that cannot be controlled by the investor, and other factors that relate to the investor, management inefficiency is one of the basic factors that increase risk. It is found that the investor does not pay attention to expected income only but also to the surrounding risks.

Risks refer to two concepts, first one reflects the possibility of achieving negative result in the future as a result of a present decision, second one refers to the deviation of results through former stages and risks will be higher in the future because of the disability of predicting the future results but they could be decreased by using previous experiences.

Investment risk isthe probability of achieving less income that expected, whenever the probability of achieving negative income increases, the risks will increase too. It worth to mention that governmental bonds risk normally decreases to scratch because this risk is a semi- guaranteed financial investments without any risk.

Classification of risks

Risks from several points of view are often classified according to various criteria, but the researchers limited the classification according to their sources, as following: -

Systemic risk: It is the risk results from common economic factors and inclusive for all business organizations, investor, and businessmen therefore it cannot be avoided by diversification (Modigliani, 1996: 193), also it is known as the risk resulting from common general factors that affect the economic system as a whole and therefore it is described as risk of general economic environment.

Or it is that part of risks to investment and affect the market as a whole, thus sometimes it is called the risk of the market, as it affects the overall market and it cannot be reduced and overcome through diversification, some of its examples is (the risk of economic inflation and stagnation and high rate of interest.

Unsystematic Risk: this risk results from private internal factors of a company or investor or businessmen, also it is the result of lack of administrative efficiency .But this kind of risk can be avoided by diversification, and unsystematic risk is also called private risk or non-market one which is often adopted by a company or a particular sector plus the impact of this kind of risk. Unsystematic risk is also defined as that part of the whole risk which is unique for a company or the industry and this risk is independent from market portfolio in other words, its association coefficient with the portfolio is equal to zero, the most important points that illustrate both kinds of risk can be summarized as following.

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e-ISSN: 2348-795X
Volume 04 Issue 02
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Table 1: Comparison of systemic and unsystematic risks

	Systematic risk		Unsystematic risk
1	Arising from the common general factors	1	Arise from factors that are unique to a particular company
2	It affects all companies	2	It affects the company itself
3	It couldn't be avoided or ignored	3	It could be avoided by variety
4	Part of it is operational and the other is financial	4	Part of it is operational and the other is financial
5	It is measured by Beta coefficient (B)	5	It is measured by coefficient of variation (CV)

Sources of unsystematic risk:

1. Risk of management: arises from administrative mistakes in a particular company, which leads to the variation actual income rate from the expected one of the investment in spite of the quality of its products and the strength of its financial position for, that the risk resulting from administrative errors inters within the unsystematic risk, because it may result in declining the rate of return even in the cases of economic activity flourish. One of common administrative errors, failure in taking appropriate arrangement in emergency incidents like energy crises and workers strike (Abu Rahma, 2009: 46-45).

2. Industry risk: a risk caused by special economic circumstances. As difficulty in providing the raw materials and the presence of disputes between workers and management, as well as the special effects of governmental regulations relating to the observation of pollution and the effects of foreign competition on the domestic industry, there are also the effects of ongoing changes in the tastes and preferences of consumers in the developed economies and the

emergence of new products or new technology (Abu -Rhma 2009: 46).

3. Risks of commercial courses: refer to the commercial course that their effects are limited on a specific company or industry and they take place in an irregular time and for reasons that are not related to the market, so it is so hard to be predicted. (Hindi 415:1996)

Results and Discussion

This paragraph contains three key sub-paragraphs, the first paragraph includes the results of the financial analysis of the variables, the second refers to the results of descriptive statistics of the variables, and the last one includes the results of hypotheses test and the discussion of its aspects as follows: -

Financial Analysis of the variables: -

Profitability analysis: include

Return on investment (assets): -

Results of the return on investment as table no.1 showed that the highest return was (0.272) in the year (2012) for (KarkhSaidiya funfair) due to the increment of net profit, and the lowest return (0.001) in a year (2012) for (Sumerian commercial Bank) due to the reduction of net profit. As for the rest of the studied companies return have varied between the two mentioned rates, while the highest return was (0.337) in the year (2013) as well as for (Al- Karkh- Sidiyah funfair) due to increment of net income and the reduction of assets value. As for the lowest return in 2013 was (0.004) for (Sumarian commercial bank) caused by the reduction of net income and the increment of assets value but for the rest of the company's revenues have fluctuated between the two mentioned rates, and table (2) shows the results of return on assets:

Table (2) results of revenues on investment

	Indicators	**Revenue on investment**	**Revenue on investment**
S	**Companies**	**2012**	**2013**
1	Baghdad bank	0.023	0.019
2	Ahli bank of Iraq	0.013	0.045
3	Aletman bank of Iraq	0.035	0.04
4	Dar Alsalam bank for investment	0.013	0.023
5	Sumarian commercial bank	0.001	0.004
6	Babylon bank	0.017	0.016
7	Commercial bank of Alkhaleej	0.032	0.075
8	AL Mosul bank fordevelopment and investment	0.041	0.034
9	United bank of Iraq	0.026	0.029
10	Al Mansour bank for investment	0.029	0.028
11	International Kurdistan bank	0.04	0.032

12	Alameen for insurance	0.055	0.091
13	Darulsalam for insurance	0.074	0.063
14	Alzawra' for financial investment	0.064	0.005
15	Alw'am for financial investment	0.063	0.014
16	Funfair of Alsaydia\Karkh	0.272	0.337
17	Almasour for medical industry	0.023	0.064
18	Aliraqia for rugs and furniture	0.054	0.059
19	Baghdad for soft drinks	0.022	0.097
20	Alfalooja for constructional materials production	0.052	0.049
21	Alma'mora for real estate production	0.036	0.028
22	Almotahid bank for investment	0.066	0.074
23	Constructional materials industry	0.03	0.03
24	Alwatania for furniture industry	0.017	0.021
25	Modern chemical industry	0.015	0.018
26	Babylon hotel	0.026	0.007
27	Alwatania for tourism investment	0.123	0.192
28	Alahlia for agricultural production	0.045	0.031
29	Alhadetha for animal and agricultural investment	0.005	0.033
30	AlsharqAlosat for producing and marketing fish	0.067	0.08

1. Return on property right: the return on property right results in table no.2 showed that the highest income reached (1.018) in (2012) this result belongs to Baghdad company for soft drinks and this due to the increment of net profit, while the lowest income reached (0.002) in (2012) for (Sumer commercial bank) due to the reduction of net profit. As for other companies, the income (revenue) varied between the two mentioned values. In 2013 the highest income reached (1.206) of Baghdad bank on account of net profit increment but the lowest income in the same year (2013) was (0.004) for Babylon Hotel due to the over depending on long term financing recourses (payed and registered capital and reservation) and the reduction of net profit, as for other companies their incomes varied between the two mentioned rates as table no. 3.

Table (3) Results of revenue on ownership equity

	Indicators	Revenue on investment	Revenue on investment
S	**Companies**	**2012**	**2013**
1	Baghdad bank	0.15	1.206
2	Ahli bank of Iraq	0.023	0.099
3	Aletman bank of Iraq	0.103	0.13
4	Dar Alsalam bank for investment	0. 098	0.127
5	Sumarian commercial bank	0.002	0.007
6	Babylon bank	0.045	0.044
7	Commercial bank of Alkhaleej	0.098	0.206
8	AL Mosul bank fordevelopment and investment	0.119	0.073
9	United bank of Iraq	0.059	0.148
10	Al Mansour bank for investment	0.072	0.046
11	International Kurdistan bank	0.116	0.087
12	Alameen for insurance	0.061	0.1
13	Darulsalam for insurance	0.077	0.065
14	Alzawra' for financial investment	0.07	0.005
15	Alw'am for financial investment	0.067	0.015
16	Funfair of Alsaydia\Karkh	0.292	0.365
17	Almasour for medical industry	0.025	0.084
18	Aliraqia for rugs and furniture	0.134	0.094
19	Baghdad for soft drinks	1.018	0.101
20	Alfalooja for constructional materials production	0.072	0.063
21	Alma'mora for real estate production	0.036	0.030
22	Almotahid bank for investment	0.175	0.17
23	Constructional materials industry	0.032	0.042
24	Alwatania for furniture industry	0.021	0.026
25	Modern chemical industry	0.019	0.018
26	Babylon hotel	0.217	0.004
27	Alwatania for tourism investment	0.137	0.211
28	Alahlia for agricultural production	0.053	0.044
29	Alhadetha for animal and agricultural investment	0.01	0.121
30	AlsharqAlosat for producing and marketing fish	0.083	0.105

Unsystematic risk analysis:

Unsystematic risk results for companies income in table no.4 showed that the instability of share income of studied companies ranged from highest variation (2876.67) for

International Journal of Research
Available at https://edupediapublications.org/journals
p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 02
February 2017

(the Glob for real estate investment), the shares of that company are risk because they exceeded number 1 in their value, while the lowest coefficient of (trendy chemical industries) is (0.305) expressed on the reduction of unsystematic risk the shares of the mentioned risk could be called as (defensive stocks), other companies unsystematic risks ranged between the two mentioned values as it is shown in table no.5

Table (5) results of unsystematic risk analysis

S	Unsystematic risks Companies	Variation	S	Unsystematic risks Companies	Variation
1	Baghdad bank	35.404	16	Funfair of Alsaydia\Karkh	32.78
2	Ahli bank of Iraq	11.79	17	Almasour for medical industry	8.563
3	Aletman bank of Iraq	11.478	18	Aliraqia for rugs and furniture	8.152
4	Dar Alsalam bank for investment	6.378	19	Baghdad for soft drinks	12.345
5	Sumarian commercial bank	4.201	20	Alfalooja for constructional materials production	22.776
6	Babylon bank	2.929	21	Alma'mora for real estate production	2876.67
7	Commercial bank of Alkhaleej	122.304	22	Almotahid bank for investment	5.228
8	AL Mosul bank fordevelopment and investment	0.524	23	Constructional materials industry	64.904
9	United bank of Iraq	4.212	24	Alwatania for furniture industry	3.69
10	Al Mansour bank for investment	8.876	25	Modern chemical industry	0.305
11	International Kurdistan bank	4.977	26	Babylon hotel	69.469
12	Alameen for insurance	6.304	27	Alwatania for tourism investment	7.303
13	Darulsalam for insurance	5.36	28	Alahlia for agricultural production	17.793
14	Alzawra' for financial investment	1.026	29	Alhadetha for animal and agricultural investment	1.765
15	Alw'am for financial investment	77.636	30	AlsharqAlosat for producing and marketing fish	3.661

p-ISSN: 2348-6848
e-ISSN: 2348-795X
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Descriptive statistics of variables:

Many of descriptive analysis tools that consist of calculations, standard deviations SDs, maximum and minimum values and range value which represents the total of different value and coefficient were adopted in this study.

Table no.6 shows the results of descriptive statistics of variables, calculation of unsystematic risk for the sample of this study reached (114.6267), the standard deviation was (522.4331) and different coefficient was (4.557) so this denotes that the dispersion is high in unsystematic risk while coefficient of variation of profitability (return on investment, return on property) reached (1.195) and (1.699) respectively this shows harmony among the companies according to profitability indicators this issues is due to the relation between return on assets and return on property this will lead to the necessity of studying the variation in profitability of the chosen companies in the unsystematic risk of the sample.

Table (6) results descriptive statistics of variables

Details	Arithmetic means	Standard deviation	Variation coefficient	Highest ratio	Lowest ratio	Term
Unsystematic risk	114.6267	522.4331	4.557	2876.67	0.31	2876.36
ROA	0.0546	0.06526	1.195	0.34	0.00	0.34
ROE	0.1279	0.2174	1.699	1.21	0.00	1.21

Recourse is prepared by the researchers

Hypotheses test:

Current paragraph specializes in testingthe two hypotheses of this research, using linear regression model within the frame of variation analysis according to the following schedule:

First hypothesis test:

Research hypothesis formed logical connection between profitability and unsystematic risk, which committed the need to formulate a specific hypothesis of association between two variables, stated that there is a statistical relationship between Profitability and unsystematic risk, after conducting statistical analyses and calculating the linear correlation coefficient between the two studied variables it was proved as shown in the table (7) that the relationship between the two variables were not significant, when the value of the correlation coefficient was (0.75-) for the scale of the first non-profit embodied by the return on investment and (0.77-) for the second measure of profitability, which represented the return on ownership equity in the level of statistical significance (0.694) and (0.684) respectively, and this result confirms that unsystematic risk variation for companies of this research sample does not correlate linearly by the variation of return on investment then the return of shares fluctuate for some reasons like variation of forces of supply and demand in the Iraqi stock market and not because of the companies that

p-ISSN: 2348-6848
e-ISSN: 2348-795X
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export the shares (exchanges) as shown in the following table:

Table (7) results of the linear correlation

Details	Correlation coefficient	Counted T value	Moral of test	Statistical significant x
Return on investment	-0.75	1.159	SIG=0.694 immoral	Insignificant

Second hypotheses test:

Hypotheses test needs to employ the model of linear regression, in order to check the reliability of results of first hypothesis another hypothesis was formed to measure the expected effects of profitability with its two scales on assets and on ownership in the unsystematic risk for the chosen companies.

Table number (8) shows the result of testing the relation of the slop (decline) between profitability as an independent variable and unsystematic risk as a response (dependent variable), test's results improved that there is no significant effect statistically in the unsystematic risk according to the scale of investment, if the profitability value increases one unit then it is expected that the value of unsystematic risk will decrease to an amount equal to the value of variation which is (0.004), this reflects the direction of the inverse relation between the two variables, profitability variation was explained based on the scale of investment from the variation of unsystematic risk and its percentage is (0.006) with the indication of coefficient of the determination, there is no significant relation based on the used test, this variation may return to the Iraqi investor who does not put in consideration share profitability but depending on other variables in the current model.

Test's results assured again that profitability does not affect the unsystematic risk of companies when it was tested after measuring it based on the return on the ownership, table (8) shows that the change is insignificant which means that if profitability increases one unit this will lead to reverse change (0.047) based on the variation in the value of the return on equity, this variation was explained based on the this scale from unsystematic risk variation and its percentage is (0.006) with the indication of coefficient of the determination which showed that there is no significant relation according to the deduction of statistic's value of the test (F) which is (0.169) as a result this improve that second hypothesis is incorrect, when it stated that there is a positive relation between the two scale of profitability and unsystematic risk.

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e-ISSN: 2348-795X
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Table (8) the results of testing profitability effect in the unsystematic risk

Details	Return on ownership		Return on investment	
	Moral of the test	Value	Moral of the test	Value
Variation	Immoral	0.047	Immoral	0.004
T value	P= 0.684	1.228	P= 0.694	1.159
Determination coefficient	Immoral P=0.684	0.006	Immoral P=0.694	0.006
F value		0.169		0.159

Conclusion:

1. There is inverse relation between the profitability and unsystematic risk in the companies are listed in the Iraqi stock market that reverse the regression of unsystematic risks with the increment of profitability and vice versa.
2. The reliability of the profitability of the studied companies was determined according to the scale the return on the investment, profitability was high compared to other companies because of the increment of profits or the low quality.
3. According to scale of the return on the equality, the profitibilty reflected its increment at the companies level either because of the increment of profits value or because of the regression of depending the chosen companies on the ownership rights including payed capital and the reserved profits as funding resources.
4. The increment in the coefficient variation as a scale of unsystematic risk of the chosen companies refers to instability in its incomes compared to other sample of companies that declined in their levels of unsystematic risks due to the limited instability of investment incomes.

Recommendations:

1. The study of diversion of unsystematic risk levels which are non- contrast and their direct and indirect reasons.
2. In order to increase the benefits of investment, the Iraqi investor should not put in consideration stocks profitability as the basic scale of measuring unsystematic risk but he should look on other factors relate to the unsystematic risk of companies.
3. The role of Iraqi stock market should be activated to declare the financial situation of the companies and to make all information available to all investors for the safety decisions of investment by advising the companies in the stock market and recommend them to publish all their data especially final accounts and financial reports.

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