

The Effect of Internal Audit Quality on Operational Performance Indicators and its Reflection on the Value of Economic entity (An Empirical Study)

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Extracted:- This research aims to study the impact of internal audit quality on operational performance indicators and its reflection on the value of the economic entity, and the research population and sample included eight commercial banks for the period (2019-2023), and the quality of internal audit was measured through a check form to show the extent of the application of international standards in the work of these banks, while the operational performance indicators were measured through the two indicators of return on assets and return on equity, and the measurement of the value of the economic entity was measured by Topin s Q. The researcher reached a set of conclusions and recommendations, the most important of which is that there is a statistically significant impact and relationship between the quality of internal audit and operational performance indicators, between operational performance indicators and the value of the economic entity, and between the quality of internal audit and the value of the economic entity through the mediating role of operational performance indicators. It included paying attention to the quality of internal auditing, obliging the banking economic entities listed on the Iraqi Stock Exchange to apply the international standards issued by the Institute of Internal Auditors (AII), and the banks' interest in methods and strategies that lead to improving their operational performance, and paying attention to the **value of the economic entity, which is considered the measure for investors and shareholders to invest their money in these economic entities**

Introduction: The concept of internal audit has witnessed a gradual development in line with the successive developments in economic life, and internal audit is no longer just a means of ensuring the protection of the assets of the economic entity, but has evolved into a set of interrelated elements and components that are developed by the senior management to ensure the achievement of its goals, and one of the factors that led to the increase in interest in internal audit (the large size of enterprises in modern economic life) The management has to delegate powers and responsibilities to some sub-departments, the transformation that has occurred in the audit process, scientific and technological development, the issuance of international quality standards, and the increase in the cases of failures of economic entities) The quality of internal audit has a significant and clear impact on operational performance indicators, as quality has been defined as compliance with international standards for the practice of the internal audit profession through the development of appropriate procedures and methods that facilitate the internal audit process, and the quality of internal audit can be measured. The concept of operational performance is considered a more comprehensive concept of performance, and it represents the efficiency aspect that is based on the use of rationality in achieving the best use of available resources, as it is done by performing operational and financing processes and contributes to the development of efficiency and providing competitive advantages to economic entities in achieving and maximizing the resources of business enterprises through many measures and indicators, the most important of which are (return on assets, return on equity, net cash flow from operational activities, Share of Operating Cash Flows) The measures and indicators of operational performance aim to address the shortcomings in the financial performance measures, in addition to confirming that the resources and labor within the economic entity are used in the appropriate and correct way and the extent to which this is reflected on the value of the economic entity, as researchers and those interested in financial management matters differed on the concept of the value of the economic entity, some of them considered that maximizing the market value of the economic entity is synonymous with maximizing the market value of ordinary shares, i.e. maximizing the wealth of the owners, and some of them believe that maximizing the market value of the economic entity is synonymous

with maximizing the market value of ordinary shares, i.e. maximizing the wealth of the owners, and some of them believe that Otherwise, the concept of economic entity value is one of the widely discussed issues in economics and finance, and the Topin s Q scale is the best measure, which has been used in this research as the most widely used measure.

The first axis: Research methodology, previous studies and the contribution of the current research

This topic includes the research methodology in addition to a number of previous local, Arab and foreign studies that dealt with the research topic.

Research Methodology: The methodology includes the following:

First: The research problem:

The research problem is that most investors and shareholders are looking for economic entities with good value in order to ensure profits or to ensure the return of their money, so economic entities today suffer from pressures characterized by instability as a result of rapid technological development and the increase and diversity of demand for services. Effectively and well within the economic entity, it will positively affect the operational performance indicators, and thus it will reflect positively on the value of the economic entity, and the research problem can be formulated with the following question: (Does the quality of the internal audit affect the operational performance indicators, which is reflected on the value of the economic entity), and through this question, the following questions have been formulated:

1. Is there an impact of internal audit quality on operational performance indicators?
2. Is there an impact of operational performance indicators on the value of the economic entity?
3. Is there an impact of the quality of internal audit on the value of the economic entity?

Second: The importance of the research :

The importance of the research highlights the importance of the relationship between the quality of internal audit and its impact on operational performance indicators, and that operational performance measures focus on the long term and thus work to improve performance and also the ability to predict, as it clarifies the extent of progress in achieving long-term goals and works to link the quality of internal audit to future operational performance indicators and the extent to which this is reflected on the value of the economic entity. The importance of the research lies in the scientific importance of providing ideas for conducting more future studies related to the impact of internal audit quality on operational performance indicators and its reflection on the value of the economic entity, as well as the importance of the research of practical importance for investors and shareholders, as well as the government, accounting bodies and banks in order to implement the necessary procedures in the future that can enhance the impact of internal audit quality in operational performance indicators and its reflection on the value of the economic entity.

Third : Research Objectives:

The research seeks to achieve a set of goals, the most important of which are:

1. Explain the concept of internal audit quality and the types and reviews of accounting and financial studies that dealt with this concept, as well as addressing the most important international standards of internal auditing.
2. Shedding light on the concept of operational performance indicators, the most important of these indicators and how to measure them.
3. Shedding light on the concept of the value of the economic entity, how to measure it, and the most important factors affecting the value of the economic entity.
4. Presenting a measurement model that shows the nature of the statistical and financial relationship between the research variables, represented by the quality of internal audit as an independent variable, operational performance indicators as an intermediate variable, and the value of the economic entity as a dependent variable.

Fourth: Research Hypotheses:

Based on the research problem and in order to reach the answer to the questions of the study and achieve its goals in solving the problem raised, the following main hypothesis has been formulated (increasing attention to the quality of internal audit can improve the operational performance indicators, which reflects positively on the value of the economic entity) and through this main hypothesis, the following sub-hypotheses will branch:

1. There is a correlation and a statistically and financially significant correlation and impact of internal audit quality on operational performance indicators.
2. There is a correlation and a statistically significant effect of operational performance indicators on the value of the economic entity.

3. There is a correlation and a statistically and financially significant correlation and effect of the quality of internal audit on the value of the economic entity through the mediating role of operational performance indicators.

Fifth: Research Methodology:

In order to achieve the objectives of the research and test its hypotheses as a solution to the research problem, the researcher relied on the following scientific methods:

1. Deductive method: The research relied on the deductive-analytical method in the theoretical aspect with the help of official documents, theses, university theses, as well as periodicals and books.

2- Inductive Method: The research relied on the inductive method in the practical aspect of the study relying on the data included in the financial statements of banks in the Iraqi Stock Exchange.

Sixth: Means of Data Collection:

1. Theoretical aspect: Utilizing and benefiting from what is available from Arab and foreign sources related to the subject of research, articles and scientific researches published in reputable Arab and international journals and websites.

2- Applied aspect: Using the data included in the financial statements of the banks in the research sample in the Iraq Stock Exchange for the period from (2019 to 2023) and the research variables were measured using different measurement tools, and the researcher used a checklist to measure the independent variable (internal audit quality), as for the measurement of the intermediate variable (operational performance indicators), it is measured through the two indicators, which are (return on assets, return on equity), as for the measurement of the variable. The function (economic entity value) is measured through the Topin s Q scale .

Seventh: Research Limitations:

1. Spatial Limits: The field study will deal with a sample of (8) eight banks listed on the Iraqi Stock Exchange.

2- Time limits: The financial statements of the banks were approved for the period of time required to prepare and prepare the applied aspect of the research for the period from 2019 to 2023, i.e. for a period of five years, and because they are relatively new.

Eighth: The population and the research sample:

The research population is represented by all commercial banks listed on the Iraq Stock Exchange, while the research sample was limited to (8) eight commercial banks for the period (2019-2023), and the reasons for choosing the banks are the following:

1. All the banks in the research sample are listed on the Iraqi Stock Exchange, as well as the existence of integrated and audited financial reports from external audit bodies, and all data and annual closing prices of shares are available.

2. The banks in the research sample were among the most active banks in trading their shares during the years of examination and the least interruption of trading from other banks, and the quality of their ownership was not transferred or merged during the research period.

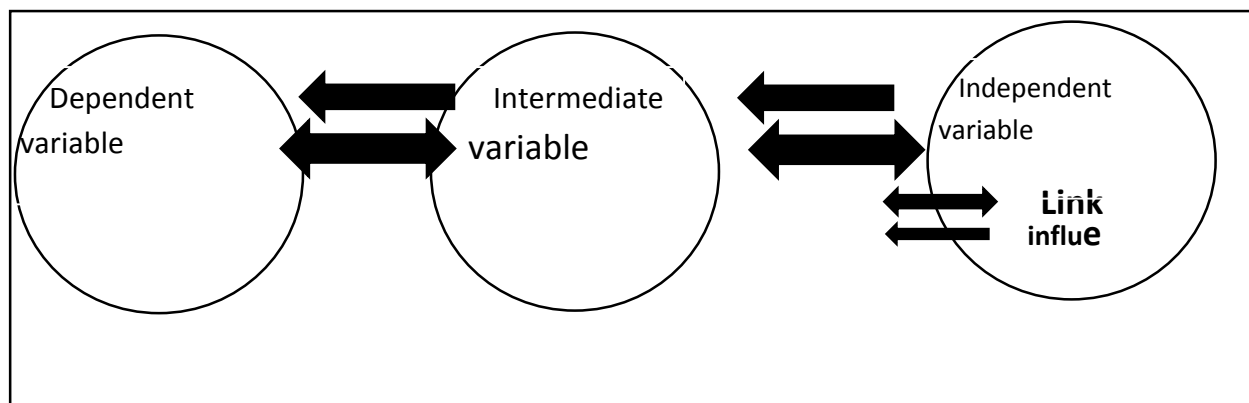
Ninth: The Default Form of the Research:

In light of the problem and to achieve the objectives of the research, the researcher built a proposed hypothetical model to diagnose the possibility of studying the relationship based on three variables :

Independent Variable – Internal Audit Quality.

Intermediate variable – operational performance indicators.

Dependent variable – the value of the economic entity.



Source: Prepared by the researcher Figure (1) The hypothetical model of the research

Previous Studies:

First: Previous studies related to the quality of internal audit :

1- (Al-Baraki, 2025) (The Modifying Role of Professional Ethics on the Relationship of Influence of the Auditor's Independence and His Experience in the Quality of Internal Audit) The study aimed to show the importance of professional ethics and its relationship with the auditor's independence and experience and its impact on the quality of internal audit.

2- (Tabboush, 2023) (The Impact of External Auditor Accreditation on the Work of the Internal Auditor in Audit Risk Control) The study aimed to find out the impact of the external auditor's dependence on the work of the internal auditor in controlling audit risks, highlighting the various risks faced by the internal and external auditor during the performance of their tasks, and to know the extent of the external auditor's dependence on the work of the internal auditor, the importance of integration between internal and external auditing, and the advantages of cooperation, coordination and information exchange between them.

3- (Hasan & Mubammad, 2024). Effect of Auditor Ethics, Audit Experience, and Auditor Motivation on Internal Audit Quality

The study aimed to investigate how the auditor's motivation, audit experience, and professional ethics are related to the quality of the audit result.

Second: Previous studies related to operational performance indicators:

1- (Dakhil, 2022) (The Impact of the Application of International Financial Reporting Standards (IFRSS) on the Level of Accounting Planning on the Operational Performance Indicators of Iraqi Banks) The study aimed to explain the concept of accounting conservatism and operational performance indicators and their relationship with the reporting standards of the International Financial Study and to measure the impact of the application of IFRS on the level of accounting conservatism and its reflection on the operational performance indicators of a sample of Iraqi banks.

2- (Al-Baqmi et al., 2022) (Total Quality Management and its Role in Improving Operational Performance in Educational Departments in the Kingdom of Saudi Arabia) The study aimed to identify Total Quality Management and its role in improving operational performance in educational departments in the Kingdom of Saudi Arabia, and its applied aspect was specialized on education departments in the Eastern Province of the Kingdom, as well as identifying the effectiveness of operational performance in them.

3- (Ghosh, et al, 2020).) doption of principle Based IFRS and intercompany comparability of operating performance

The study aimed to consider whether the adoption of IFRS is a comparison between the operational performance of companies through the application of accounting methods and the quality of financial reporting.

Third: Previous studies related to the value of the economic entity:

1- (Al-Jaafari, 2023) (The Impact of the Integration between Sustainability Reporting and Green Innovation Accounting on the Company's Value) The study aimed to show the impact of sustainability reporting and green innovation accounting on the company's value, as well as to achieve several goals, including explaining the concept of sustainability, dimensions and methods of measuring it, explaining the concept of green innovation accounting, its dimensions and methods of measurement, explaining the concept of the company's value and methods of measurement, and clarifying the relationship between variables.

2- (Khalil & Saghir, 2022) (The Impact of Disclosure of Sustainable Development Elements in Increasing the Value of the Establishment / A Field Study on a Sample of Sudanese Industrial Companies) The study aimed to show the role of disclosure of the environmental and social element in increasing the value of the company.

3- (Friske et al, 2023)

The impact of voluntary sustainability reporting on firm value: Insights from signaling theory

The aim of this study is to examine the relationship between voluntary sustainability reports and firm value as measured by Tobin's Q.

Fourth: The difference between the current study and the previous studies:

After reviewing the previous theses, theses, and sources, and the previous periodicals and studies, and the search on the Internet and within the limits of the researcher's knowledge, he did not find any study similar to the current study, including the three variables: the quality of internal audit as an independent variable, the operational performance indicators as an intermediate variable, and the value of the economic entity as a dependent variable, and this

study may be one of the first studies that address this topic at the local level in the field of financial accounting.

Fifth: What distinguishes the current study from the previous studies:

A set of points that distinguish the current study from the previous studies can be highlighted with the following points:

- 1- The current study is distinguished from the previous studies by linking the quality of internal audit with the extent of its impact on operational performance indicators and its reflection on the value of the economic entity.
- 2- The difference between the measures used compared to the previous studies and their new concepts, where the quality of internal audit was measured through a questionnaire to ask people in the audit and control departments of the economic entities of the research sample, as well as measuring the relationship between the effects of operational performance and the value of the economic entity statistically and financially.
- 3- The present study relied on the practical application of the relationship between the quality of internal audit on the one hand and operational performance indicators on the other hand, as well as the impact of internal audit quality and operational performance indicators on the one hand, and the impact of this on the value of the economic entity on the other hand.
- 4- Previous studies have focused and dealt with only one or two variables.
- 5- According to the researcher, this study is one of the few studies that have been applied in Iraqi banks to the users of information about the future trends of the impact of internal audit quality on operational performance indicators and its reflection on the value of the economic entity.

Sixth: The Contribution of the Current Research:

The contribution of the present study can be summarized in the following points:

- 1- The novelty of the study topics in the local and Arab academic aspect, which indicates that this study is one of the important studies in contemporary accounting thought in general and accounting thought in the field of internal accounting auditing in particular through the impact of internal audit quality on operational performance indicators and its reflection on the value of the economic entity.
- 2- The scarcity of accounting studies and researches that are concerned with the impact of internal audit quality on operational performance indicators and its reflection on the value of the economic entity.
- 3- The development of the private banking sector has prompted government banks to develop their capabilities in order to keep pace with the latest developments through the impact of the quality of internal audit on operational performance indicators and its reflection on the value of the economic entity.
- 4- Enriching the theoretical aspect of the study variables, which are related to the knowledge foundations of internal audit quality, the concept of operational performance indicators, as well as the concept of economic entity value.
- 5- The researcher's contribution to determining the quality of internal audit through an examination form to ask the people in the study sample, as well as measuring the indicators of operational performance and the value of the economic entity statistically and financially.
- 6- Utilizing the available sources and journals within the research that have been used in the theoretical aspect of the research.
- 7- Identify the problems, obstacles, and issues raised by previous studies in order to address them, as well as identify the most important conclusions they reached.

The second axis: the theoretical framework of the research/ the concept of internal audit quality.

First: The Origin and Development of Internal Audit and the Concept of Quality:

An important event in the development of the internal audit profession is the establishment of the Institute of Internal Auditors (IIA) in 1941 in New York and its system was limited to internal audit functions within the United States of America and later when companies began to grow into multinational companies the ideas and knowledge of the Institute of Internal Auditors spread all over the world. In the years following the establishment of the Institute of Internal Auditors, the Audit Body has been able to contribute to the recognition of internal audit as an independent function rather than an extension of external audit, and the mission of the Institute of Internal Auditors is to provide a global framework for the professional practice

of the internal audit function as well as the promotion and development within companies.) has coincided with the recognition of Internal Audit (IA) as a fundamental governing function in all types of companies, that the Institute is not only a regulatory body and that their standards and ideas are applied voluntarily, but that it is also a recognized authority for the professional practice of internal audit and its standards and data are implemented in a large number of companies (Bergs, 2018: 7).

Internal audit quality is defined as the efficient and effective performance of the audit process in accordance with auditing standards, professional ethics and rules of conduct, and standards of control over the quality of the audit process, with the disclosure of errors and violations discovered, and working through continuous education to achieve and meet the goals, desires and needs of the users of the financial statements, as well as adhering to the professional standards of auditing, the rules and ethics of professional conduct, the guidelines of the audit process, as well as the rules and procedures issued by professional bodies to regulate the auditing profession and maintain impartiality and integrity The Audit Process (Abdel Sadiq, 2022: 94).

The quality of internal audit is also defined as the ability of the auditor to discover the shortcomings in the internal control system and make recommendations to solve or reduce them or obtain the greatest possible benefit for the economic entity, and that professionalism is an important aspect of audit work, especially for individual auditors, and the auditors will be motivated to achieve the interest of the entire economic entity and not to preserve their interests, as the quality of internal audit improves when the internal auditors have the necessary competence, independence, experience and skill, which allows the provision of valuable recommendations and results high levels that contribute effectively to enhancing the interaction of senior management with these recommendations (Al-Bukairat, 2024:45).

It was also defined as the extent to which organizations are committed to applying internal audit standards, policies and specific procedures that lead the organization to achieve the required tasks, as well as adherence to the rules of professional conduct during the internal audit process, all of which leads to the discovery of weaknesses and errors and making recommendations to address or reduce them and achieve the goals (Al-Ojaili, 2022:35).

Internal audit quality is defined as the possibility that a particular auditor will simultaneously discover and report a defect in the client's accounting system, and then the auditors have the technical competence to detect any material errors during the audit process and independence to ensure that material errors are corrected or disclosed in the auditor's report (Djaddang & Shanti, 2022:404).

It is also defined as contributing to fraud prevention, reducing risk, improving controls, reducing opportunistic behaviors, and reducing external audit costs (Cakali, 2023:106).

Second- The Importance of Internal Audit Quality:

The internal audit quality process derives its importance from the need for its services, and we review its importance from the perspective of each of them (Abdel Sadiq, 2022: 95).

- 1) Audit Executor: Maintaining the auditor's reputation, which reflects positively on him by the auditor maintaining his existing customers and attracting new customers, as well as avoiding lawsuits due to low quality.
- 2) Audited Entity: Increasing confidence in the auditors' reports on the financial statements and judging the efficiency of the management and the ability of the economic entity to continue.
- 3) Shareholders (current and prospective): Increase the likelihood of the internal auditor's ability to detect and report errors, reduce fraud and manipulation, and help reduce agency conflicts.
- 4) Creditors and suppliers of the project (current and anticipated): Assist them in assessing the financial situation and predicting the viability of the economic entity and then assist them in making decisions related to the granting of loans and the term sale of the project.
- 5) Professional Organizations: Maintaining the reputation of the profession and improving the society's perception of it.
- 6) Community: Helping to stabilize financial markets through early warning of risks.

Third- Internal Audit Quality Objectives :

There are many objectives for internal audit quality that can be summarized as follows (Al-Bakairat, 2024: 96):

- 1) Provide guidance on the procedures that the internal auditor must adhere to in order to adhere to the basic principles of delegating authority to assist in the audit task.

- 2) Provide guidance on the procedures and policies adopted by auditors to provide reasonable satisfaction of the quality of the audit in general and a commitment to follow and apply professional standards.
- 3) Earn customers' trust through precision and attention to detail during work.
- 4) Reduce operational costs related to process flow, improve the efficiency and effectiveness of task performance, and reduce time and effort spent on rework.
- 5) It helps to increase and improve the morale of the audit team and raise their morale.
- 6) Contributing to the national effort to raise the level of the profession and contributing to reducing the exposure of auditors to problems and legal accountability and avoiding accusations of dereliction of professional duty.

Fourth: Benefits of Internal Audit Quality:

The quality of internal audit can yield many benefits that can be summarized as follows (Crows, 2023: 41):

- 1) The quality of internal audit enables the parties benefiting from the audit services to make sound decisions.
- 2) Improve your documentation and worksheets and help to work in a team spirit.
- 3) It works to increase the public's trust and improve the society's perception of the audit profession, which leads to an increase in the salaries of auditors and attention to their advice.
- 4) It is a compelling marketing tool that enables internal auditors to maintain a good quality of customers, attract new customers from shareholders and investors, and increase the share of the market economy under competitive conditions.
- 5) Minimize practical errors.
- 6) It leads to greater objectivity in the performance of business and the maintenance of independence.
- 7) It forms a solid basis for reviewing the work of other companies in the case of peer-to-peer, peer-review, and in-depth auditing.

Fifth: Factors that lead to improving the quality of internal audit:

There are a number of factors that play a large role in improving the quality of internal audit that can be summarized as follows (Abdel Sadiq, 2022: 97):

- 1) Organize the internal audit profession and define the responsibilities of auditors.
- 2) Scientific and practical qualification of auditors and training programs that lead to increasing communication skills and exchange of information, which generates the ability of the auditor to express his opinion and provide sound advice.
- 3) Providing the expertise and knowledge of auditors in the electronic operation of data and the use of statistical sample auditing.
- 4) Paying attention to the internal control system.
- 5) Periodic evaluation, supervision and continuous follow-up of the work based on experience.
- 6) Accurate and documented definition of general and interim goals for quality improvement.
- 7) Forming committees to monitor and follow up on the work.
- 8) Providing guarantees that ensure the auditor's impartiality, the subject matter of its objectives, and the physical, organizational and intellectual independence.
- 9) The legal obligation to implement the rules and ethics of professional conduct and quality control standards for penalties, cases and legislation.
- 10) Planning the development and improvement processes in the audit and designing its programs.
- 11) The interest of all supervisory levels in the audit process so that it is a technical reference for the supervisory team.
- 12) Paying attention to the reactions, needs, and expectations of the users of the financial statements.

Sixth- Determinants of Internal Audit Quality :

The quality of internal audit refers to the effectiveness and efficiency of internal audit processes in achieving their objectives, ensuring compliance with the applicable standards and regulations, and improving the processes and internal control in the economic entity, and there are several factors that determine the quality of internal audit, including (Khalaf, 2024: 98):

- 1) Independence and objectivity: The internal audit team should be independent and unaffected by any pressures from within the organization.

- 2) Competence and Skills: Internal audit requires qualified auditors who have the knowledge and experience to properly understand processes and assess risks.
- 3) Planning and organization: Audit quality is influenced by how effectively planning for the implementation of an internal audit, including identifying key risks and focusing efforts on priority areas.
- 4) Communication and reporting: Provide accurate and clear reports, containing actionable recommendations that contribute to process improvement.
- 5) Adherence to standards: Adherence to international standards for internal auditing, such as those issued by the Institute of Internal Auditors (IIA), which enhance audit quality.

Internal audit quality measurement.

There is no uniform measure of internal audit quality, as academic researchers' approaches differed in determining them, as they relied on the evaluation of internal audit quality by measuring the availability of a set of characteristics in internal audit activities, such as, the competence of internal auditors, their educational level, their obtaining of relevant professional certificates, and the extent to which this is related to the recruitment process. These characteristics also included the degree of independence, which was often measured in studies by the impact of audit reports on the termination of internal auditors' services, as well as the quality of internal auditors' work results, through the ability of audit programs to carry out the tasks assigned to them efficiently and effectively (Al-Dosari, 2022:667).

Concept of operational performance indicators

First: The Concept of Operational Performance:

The concept of operational performance is a more comprehensive concept of performance and it reflects the aspect of efficiency that is based on the use of rationality in achieving the best use of available resources, as it is concerned with the performance of operational and financial processes and is expressed in the quality of the product and the introduction of new products at a low cost, thus reflecting the ratio of outputs to inputs (Al-Khatib, 2021: 193).

Operational performance also aims to provide products with competitive prices with almost zero manufacturing defect rates, in addition to speed in delivering products to customers and the ability to make rapid developments or improvements in product design in a way that ensures superiority over competitors (Al-Jabour, 2021: 113).

There are also those who have referred to the concept of operational performance as a measure of customer satisfaction as the key to the organizational success of the economic entity through the customer's return to dealing with the same unit, and this is what the mechanism of economic entities aims to survive and continue (Al-Buanein et al., 2018: 163).

Azim, Ahmed pointed out that operational performance depends on measurable aspects of the results of the operations of the economic entity such as the production cycle, inventory, etc., and operational performance in turn affects business performance indicators such as customer share and satisfaction, as (Ghalem and et al) stated that operational performance means the action or performance of a certain process of the economic entity, and the concept of operational performance is related to two characteristics: efficiency and effectiveness. Efficiency is an indicator of the resources consumed up to the level of achievement, and effectiveness is the achievement of the goal, and performance is used to achieve the goal at the level of the economic entity, as (Mustafa) pointed out that the operational performance is similar to the financial performance of the economic entity during the period that reflects the actual results in particular of the cash flows from the operational activities and the logical reasons for the use of cash flows. It is considered an effective operational activity of the economic entity (2020:989, Mustafa).

Second : The Importance of Operational Performance :

The extent to which the success and continuity of the economic entity depends on the performance of its employees, regardless of the nature of its activity, as the performance of the tasks assigned to them efficiently and effectively by the working individuals will undoubtedly lead to the survival, continuity and preservation of the competitive position of the entity (OmYerham, 2020: 166).

The importance of operational performance is as follows (Al-Masaeed, 2021: 57).

- 1) Operational performance represents the strategic directions of competing entities, and operational performance plays a role in quality management practices.
- 2) Operational performance contributes to customer satisfaction by providing high-quality products in a short time.
- 3) Operational performance reflects the efficiency of an entity's operational processes by measuring how well the entity's available resources are utilized.
- 4) Operational performance contributes to the provision of reliable information in order to reduce and avoid potential risk detections.

5) Operational performance is a measure of the success of any investment activity or not, as it provides important information for investment decision-making purposes .

6) Operational performance is a mirror that reflects the operational activity of the entity by meeting the needs of customers and meeting their requirements, thus gaining a competitive advantage for the entity through the efficient utilization of the available resources of the entity.

Third : Measuring and Dimensions of Operational Performance .

Operational performance indicators are characterized as financial and non-financial indicators, and the measurement of operational performance can be explained through the table below as one of the modern technologies that is concerned with collecting financial data and information by setting a set of predetermined foundations and criteria, and then studying and analyzing them for the purpose of finding a relationship and interpretation of the results through which the knowledge of strengths and weaknesses is reached, strengthened and addressed, and the necessary recommendations are made in a timely manner (Mohammed, 2021, : 848).

Al-Masaeed, Ibtisam Salem Fahd, 2021 believes that the financial indicators of operational performance are represented in the following table:

Table (1)

His sporting relationship	Objective	Indicator Name	t
Net profit margin, gross profit margin, return on assets, return on equity, earnings per share.	It measures the efficiency of the economic entity and its ability to make profits from its various activities .	Profitability Ratios	1
Turnover ratio, fast trading ratio.	These indicators focus on the ability of the economic entity to face its monetary obligations, protect it from financial hardship, and maintain its continuity in practicing its activity.	Liquidity Ratios	2
Total Asset Turnover Rate, Receivables Turnover Rate, Inventory Turnover Rate.	This indicator reflects the ability of the economic entity to use the available resources efficiently and effectively.	Activity Percentages	3
Stock Price to Earnings, Market Value of the Share to Book Value.	These ratios enable comparison of the performance of the economic entity for different periods of time and compare its performance with other units within the same sector or with other sectors, thus it gives useful indicators for investors, whether current or prospective.	Market Ratios	4

Source: The table prepared by the researcher based on (Al-Masaeed, Ibtisam Salem Fahd, 2021)

Fourth: Factors Affecting Operational Performance:

Economic entities face many problems and difficulties that may hinder them in performing their functions, which pushes them to progress and search for the sources of these problems, study them, analyze them and make corrective decisions about them, and this is what the process of evaluating operational performance aims to, so it seeks to know the most important problems and search for the reasons that hinder the work of economic entities and propose correct decisions, and there are factors that affect the operational performance of the units, which are internal factors and external factors, as internal factors can be reduced or reduced in intensity as they are under the control of the management, while external factors cannot be controlled or even reduced as they are outside the control of the management, and the following is a detailed description of these factors (Bdiaf et al., 2018: 552).

1. Internal factors (organizational structure, size of economic entities, technology)

2. External factors (economic and political conditions, religious and social factors that affect some customers, social factor)

Economic entity Value

First: The concept of the value of economic entity.

The assessment of economic entity is currently an issue that has been widely discussed in economics and finance, and adopting a good method facilitates a comprehensive assessment of

economic entity which is a very important factor in terms of the financing that companies need, as the assessment is done for purposes such as loans, business mergers or acquisitions (Vrbka and Vitková, 2021, 1).

Unit value is an important issue that is highlighted by stakeholders, such as investors, employees (including managers), customers or suppliers, and companies are interested in building value in order to document and strengthen their position in the market, and unit value is of course not the only measure to evaluate the activity of an economic entity but a key key (Tarczynski et al, 2020: 2686).

According to (Saeed, 2022: 238) that the economic entity seeks to continue, survive and grow, and to achieve this, it sets ambitious goals and identifies the factors that help achieve these goals, and the most prominent goal is to maximize the market value of the company, so the market value of the economic entity is one of the important criteria and basic indicators that can be used to express the value of the unit, and it is the most important and defined value among other types of values and is affected by the economic conditions of the market.

Second: Types of Economic entity Values from an Accounting Perspective :

There are different types of value, the most prominent of which can be addressed :

: 1- Nominal Value

It is the value that is fixed on the share document, and is determined by the economic entity, and stipulated in the memorandum of association of this unit, and that the sum of the nominal values of the shares represents the amount of capital subscribed by the shareholders (Shoman et al., 2012: 53).

In other words, the nominal value is the amounts determined according to the company's policy that the investor pays to obtain one share, and it is defined as the value paid or paid by the shareholders when subscribing to the entity, which is usually added to the issuance premium (Al-Mayah, 2019: 43).

This is called the issuance premium, and in the Iraqi Companies Registration Law, the nominal value of one dinar per share is set at the time of issuance, and it is printed on the financial document itself and represents the nominal value of the preferred share and the ordinary share (Abdul Hakim and Al-Wahili, 2017: 159).

2- Book Value :

It is the accounting value of the asset that is recorded in the company's books, and it represents the cost of purchasing the asset minus the accumulated loss, and if there is a complete loss, the book value of the asset may reach zero, but there is still an economic value of the asset, because it is still productive (Saeed et al., 2022: 238).

The book value of the shares is the cumulative historical value that is recorded in the records of the economic entity and represents the result of dividing the total equity after the offering of preferred shares by the number of ordinary shares (Al-Zaidi, Naima, 2022: 129).

Book value is also referred to from the perspective of the balance sheet as assets minus liabilities that are equal to shareholders' equity or net value, and it expresses the share of one share of the company's net assets, and it does not have a significant impact on the share price in the financial market, and this value can be calculated by dividing the equity by the number of shares, and the equity represents the difference between the company's liabilities and its assets valued at historical cost (Abdel Hakim and Al-Wahili, 2017): 159).

Book value is usually seen as not an important factor when determining the value of an economic entity because it is merely investments made by the economic entity in the past (Ali, 2017: 78).

3. True value or fair value:

The real value of a common stock is one of the values that is increasingly taken care of in the contemporary financial management literature, as well as it has many other designations, including theoretical value, reasonable value, present value, which is the value shown by the facts represented in assets, earnings per share, dividends, dividends, and future growth prospects, and that the value of a common stock is calculated by estimating the cash flows (returns or capital losses and dividends) resulting from investing in common stock at the end of a period Retention and estimation of the rate of return on investment in these stocks (Schumann et al., 2012: 54).

If the market price of the stock is higher than its real value, it means that the stock is not suitable for investment, because it is valued at more than it should, and if the market price of the stock is less than its real value, it means that the stock is suitable for investment, because it is valued at too low, because the price of the stock must rise over time to reach the real value and thus achieve capital gain. Equal to the real value, the stock was as it should be (Al-Mayah, 2019: 45).

4- Investment value :

It is one of the most important values for shareholders, as it refers to the amounts that investors pay to acquire shares, and the process of calculating the value of the investment is a complex process that depends on the expected returns and risks of the stock (Al-Sarraf, 2023: 48).

5- Liquidation value :

The liquidation value refers to the net money that the economic entity achieves when it completes its business and sells its assets, and the liquidation is either compulsory or systematic, and this value is the value of the shares of the economic entity when this unit sells the assets and pays all its obligations, and it is equal to the market value of its assets, minus the debts on the economic entity, and the result of this is divided by the number of shares of the economic entity (Abdel Zahra et al., 2017): 194).

6- Market Capitalization :

(Shoman et al., 2012: 55) pointed out that the market value of the economic entity is expressed in a form synonymous with the value of the common stock of the economic entity in the financial market, and that in most of the financial management literature, the prices of shares traded in the financial market express the value of the economic entity, so managers should focus on the share prices in the financial market as a measure of the maximum benefit to the shareholders, because the stock prices reflect the results of market valuations of the expected return of the economic entity over time and the associated risk Return and other factors, and data and information on share prices are available in the financial market and obtainable.

Market capitalization represents the price that an investor is willing to pay for a company's shares (Ensour, 2020: 58).

Market capitalization means the price of a share in the market and it is mainly subject to supply and demand factors and may be more or less than the nominal value, or it is a measure of the value of an institution in the open markets and it is also used to determine the professional perception or expectation of the future prospects of the economic entity, or it is the monetary (financial) value paid at a certain point in time and is determined based on the supply and demand in the stock market, and it is also the total value of the traded stock as it is (the price of the Stock x Number of Shares) (Al-Taie and Al-Shakarji, 2022:297).

Objectives of the Economic entity :

An economic entity is a form of commercial entity that carries out productive activities and has a specific purpose in general, and the objectives of economic entities are divided into two parts (Al-Sarraf, 2023:50).

- 1) The short-term goal that the economic entity seeks to achieve quickly is to get the maximum profit from the existing resources and is its main goal.
- 2) A long-term goal that the economic entity seeks to achieve in the long term and focuses on increasing its value, which is reflected in its share price and increasing its value in the future.

He added that there are many goals that different parties seek to achieve in the field of company value, which differ according to different parties on how to maximize or measure that value:

- 1) The goal is to maximize wealth, as companies seek to maximize their wealth, which means maximizing the present value of the project and its market value.
- 2) Economists believe that maximizing profitability is a goal to evaluate a company's operational performance because maximizing profitability reflects the economic efficiency of those companies.
- 3) The goal of maximizing the market value of the share, which is one of the important things that pushes the company's management to give this goal precedence over other goals, is the fear of the deterioration of the value of its shares in the financial market, and this requires that the operational units in industrial companies be more efficient and less expensive, and require the development of goods and services that the consumer desires.
- 4) The goal is to maximize the market value of the company in the market, which is the result of maximizing the market value of its shares.

Fourth: The importance of the value of economic entity :

The importance of the company stems from being one of the important contemporary concerns of policymakers due to its importance and effectiveness in supporting national, environmental, social and economic development, and there is no doubt that this not only brings prosperity

and well-being to individuals, but also enhances business and economic life, as the company enjoys a legal personality independent of its constituent partners, and enjoys an independent existence, ability to act, and independent financial responsibility.

(Sarf: 51:2023) summarized the importance of the value of the economic entity in the following points :

1- Managing the company: Determining the value of an economic entity, whether now or in the future, has a significant impact on the size and quality of management decisions, because maximizing the value of the company is a solid foundation for the company to compete with its peers, and the decline in the value of the company is a major threat, as this is an unpleasant feature of investing in stocks.

2 – Lenders and creditors: The economic entity has assets that make up a large part of its value, and the higher the value of those assets, the greater the value of the company, which increases the reassurance of lenders and creditors, and there is a strong interest in the company's long-term profitability, as the company's profits contribute to the growth of its value, so lenders are interested in the total value of the company because this is a guarantee that they will be able to get a loan.

3 – Government Agencies: The growth of the value of the project in any country is a proof of its wealth and economic progress, and the state is interested in the development of projects because of their importance in economic development, and it is clear that there is a link between government agencies, especially tax agencies, and the value of the company, because the increase in the value of the company means an increase in profits, which is what these agencies want in order to collect taxes, so the higher the value of those profits, the greater the number and size of taxes, i.e. It shows an increase in profits, which is what these agencies want in order to collect taxes, and the higher the value of these benefits, the greater the number and quantity of taxes imposed on them.

Al-Hasnawi, 2020:78 argued that the importance of the value of economic entity can be summarized as follows:

- 1) Economic entities contribute to economic prosperity and push productive activities forward to achieve economic prosperity.
- 2) Generating income for the owners of these economic entities, producing goods with export opportunities, and this leads to obtaining foreign exchange and producing goods that are substituted for imports.
- 3) Economic entities form a solid ground for the national economy and their impact on economic fluctuations .
- 4) Satisfying the desires of migrants and entrepreneurs for independence, raising the standard of living, achieving their aspirations, providing social, productive and administrative services, and achieving self-sufficiency.
- 5) Economic entities play a pivotal role in transforming the economies of some countries into a market economy.
- 6) It is considered one of the most important mechanisms of technological development in terms of its ability to develop and modernize production processes faster and at a lower cost .
- 7) It helps to establish a clearer economic and social balance as a result of the high ability to spread geographically, as well as to discover the skills and knowledge of the members of the community in which it is located.
- 8) It plays a prominent and important role in reducing the risks and consequences of migration to the most developed regions, and it is an effective tool to achieve a type of reverse migration aimed at achieving balanced and sustainable development.

Third Theme: Applied Research Study/ Statistical Analysis of Research Variables

First: A brief summary of the research sample.

The research sample was selected from (8) economic entities listed on the Iraq Stock Exchange within the banking sector, and below is a brief summary of each bank.

Table(2)

Brief Overview of Each Bank	Bank Name	t
Ashur International Bank was established in 2005 with a capital of 25 billion Iraqi dinars. At the end of 2023, the bank's capital reached 250 billion dinars.	Assyrian Bank International	1
Al Khaleej Commercial Bank was established in 1999 with a capital capacity of (300) billion Iraqi dinars. At the end of 2023, the bank's capital reached JD231 billion.	Gulf Bank Commercial	2
It is an Iraqi private joint stock company established on 1997 with a paid-up capital of (100) million Iraqi dinars. At the end of 2023, the bank's capital reached JD300 billion.	Bank United For Investment	3
Babylon Bank was established in 1999 with a capital of (500) million Iraqi dinars. At the end of 2023, the bank's capital reached (250) billion dinars.	Babylon Bank	4
The Commercial Bank of Iraq was established in 1992 with a capital of 150 million Iraqis. At the end of 2023, the bank's capital reached JD250 billion.	Bank Iraqi Commercial Bank	5
The Bank was established as an Iraqi private shareholding company in 2005 with a capital of JD25 billion. At the end of 2023, the bank's capital reached JD251 billion.	Bank National For Investment	6
A private shareholding company established in 2016 with a capital of (100) billion Iraqi dinars. At the end of 2023, the bank's capital reached JD260 billion.	Bank International Islamic	7
TransIraq Investment Bank is an Iraqi private shareholding company established in 2006 with a capital of 56.5 billion Iraqi dinars. At the end of 2023, the bank's capital reached JD264 billion.	Trans-Iraq Investment Bank	8

Source: Prepared by the researcher based on the annual reports listed on the Iraq Stock Exchange.

Second: Distribution of question paragraphs for the checklist.

The researcher relied on an independent checklist to measure the independent variable represented by the quality of internal audit, as it consisted of two basic criteria, namely (attribute criterion and performance criterion) based on the internal audit standards issued by the Institute of Internal Auditors (IIA) for the year 2018, and the first criterion for the personal characteristics of the internal auditor included four axes in which (21) questions were asked, while the second criterion included seven axes in which (30) questions were asked, and in the table below, the distribution of paragraphs (questions) on the checklist Variable-independent.

Table (3) Distribution of Checklist Paragraphs for the Independent Variable Internal Audit Quality

Number of paragraphs	Sub-Domains	Variable
	Attribute Criteria	Independent variable Internal Audit Quality (Attribute Criteria, Performance Criteria)
4	Purpose, Authority and Responsibility	
6	Independence and Objectivity	
7	Professional Care Needed	
4	Assurance and Quality Improvement Program	
	Performance Standards	
6	Internal Audit Activity Management	
6	Nature of work	
5	Planning and Engagement	
5	Perform the Internal Audit Task	
4	Delivery of Results	
2	Workflow monitoring	
2	Risk Acceptance Reporting	

Source: Prepared by the researcher.

Third- Data analysis and interpretation of the results of the examination form for the independent variable of internal audit quality.

First Step: The answers in the examination form for the independent variable of the quality of internal audit were converted to their corresponding weights based on the application of the banks of the research sample, and the researcher used the software (Excel, Amos Vr24, Spss.vr24) to analyze and interpret the data.

Second Step: Analysis and interpretation of the data of the examination form for the independent variable The quality of internal audit through several questions from the reality of the form, and each axis was

taken independently for the purpose of calculating the application percentages in the light of the examination form for the banks of the research sample, and the paragraphs were calculated through the following, as shown in the table below (4), as a model of work for the axes of internal audit standards.

$$\text{Medium} = \frac{\sum_{i=0}^n X}{N}$$

$$\text{Standard deviation} = S_X \sqrt{\frac{\sum (X - \bar{X})^2}{N-1}}$$

$$\text{Coefficient of Difference C.V} = \frac{\text{الانحراف المعياري}}{\text{المتوسط}} \%100 \times$$

Table (4)

Percentages of the application of internal audit standards for the first axis of attribute criteria (purpose, authority and responsibility)

Source: Prepared by the researcher based on the examination form

Table (5)

Analysis and interpretation of the results of the axis (purpose, authority and responsibility) according to the examination form

The first axis (purpose, authority, responsibility)			8	Sample size
Coefficient of Difference C.V	Standard deviation	Average	Question paragraphs	
0.0000	0.000	1.00	1. The Internal Audit Section shall include an official document through which the purpose and responsibility of the internal audit activity are defined.	
0.5866	0.440	0.75	2. The Internal Audit Charter sets out the nature and relationship of the Chief Audit Officer's functional reports with the Board of Directors.	
0.3840	0.336	0.88	3. The Internal Audit Charter regulates access to and access to records, employees, and physical property in the economic entity.	

Total		Trans Iraq Bank		World Bank		National Bank		Assyrian Bank		Babylon Bank		Gulf Bank		Commercial Bank		United Bank		Question Number
Application Percentage	Total Application	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied	Applied	
1.00	8	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	1
0.75	6	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	2
0.88	7	0	1	0	1	1	0	0	1	0	1	0	1	0	1	0	1	3
1.00	8	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	4
3.625	29	0	4	0	4	1	3	0	4	0	4	1	3	0	4	1	3	Total
		0.00	1.00	0.00	1.00	0.25	0.75	0.00	1.00	0.00	1.00	0.25	0.75	0.00	1.00	0.25	0.75	Application Percentage Per Bank
0.9063	The total percentage of application of the first axis of the attribute criteria for internal audit (purpose, authority, and responsibility)																	
0.0000	0.000	1.00	4. The Internal Audit Charter is consistent with the basic principles of the practice of the internal audit profession and the rules, ethics and standards of internal audit with the knowledge and approval of the Board of Directors and senior management.															
0.2516	0.2280	0.9063	Overall average of the axis															

Source: Prepared by the researcher based on the outputs of the (Excel) program

Table (6)

Analysis and interpretation of results for all axes (attribute criteria, performance criteria) according to the examination form.

Internal Audit Variables (Attribute Criteria, Performance Criteria)			8	Sample size
Coefficient of Difference C.V	Standard deviation	Total Average of Axes	Internal Audit Standards	
0.0789	0.0732	0.9278	1. Attribute Criteria	

0.1048	0.0981	0.9363	2. Performance Criteria
0.0454	0.0435	0.9592	Total

Source: Prepared by the researcher based on the outputs of the (Excel) program

The quality of internal audit was measured through an examination form containing a set of questions based on the extent of application of international standards that were addressed to the employees in the internal audit and control departments in the economic entities of the research sample, and the applied one takes the number (1) and the non-applied takes the number (zero), and then calculates the average application for each standard, and then calculates the standard deviation and the C.V coefficient.

Measuring Operational Performance Indicators:

Operational performance indicators were calculated by means of the following indicators:

1. Return on Assets = Sales during the year / Total Assets
2. Return on Equity = Net Profit during the Year / Total Assets

Accordingly, the process of measuring the financial performance of each of the banks in the research sample can be presented based on the previously referred forms and during the research period (2019-2023) through the following tables:

Table (7) Measuring the Operational Performance of Ashur Bank

Return on Equity	Return on Assets	Sunnah	t
0.023	0.375	2019	1
0.054	0.187	2020	2
0.027	0.338	2021	3
0.044	0.419	2022	4
0.018	0.276	2023	5
0.0332	0.319	Average	
Return on Assets = Sales during the year (Net Income)/Total Assets			
Return on Equity = Net Profit during the Year (Net Income After Tax) / Equity			

Source: Prepared by the researcher based on the bank's financial statements.

Table (8)

Gross Operating Performance Measurement Percentages for All Banks

Return on Equity	Return on Assets	Bank	t
0.0332	0.319	Assyrian Bank	1
0.0038	0.1514	Babylon Bank	2
0.0398	0.4966	National Bank	3
0.045))	1.287))	Gulf Commercial Bank	4
0.0508	0.4756	Commercial Bank	5
0.073	0.2934	World Bank	6
0.009))	0.0862))	Trans Iraq Bank	7
0.0012))	0.0058))	United Bank	8
0.018175))	0.044625))	Average	

Source: Prepared by the researcher based on the results of measuring the operational performance of the banks in the research sample.

Fifth: Measuring the value of the economic entity:

The research followed Tobin's Q ratio method to measure the value of the economic entity, which is as follows. (Singh et al., 2017)

Tobin's Q = Market Value of Assets (Number of SharesX Market Share Price) / Book Value of Assets

(market value of assets = market value of equity + carrying value of liabilities) or

(Market Value of Economic entity Assets = Book Value of Economic entity Assets + Market Value of Common Shares - Book Value of Common Shares)

The book value of the assets is obtained from the statement of financial position, the book value of ordinary shares is the paid-up capital, and the market value is the product of the share price multiplied by the number of shares at closing.

Table (9)

Measuring the value of Ashur Bank according to Tobin's Q model

The value of the economic entity according to Tobin's Q model	Sunnah	t
0.65	2019	1
0.68	2020	2
0.71	2021	3
0.77	2022	4
0.74	2023	5
0.71	Average	6
Tobin's Q = Market Value of Assets / Book Value of Assets		

Source: Prepared by the researcher based on the bank's financial statements.

Table (10)
Value of Economic entities According to Tobin's Q Model

Value of Economic entities According to Tobin's Q Model	Bank	t
0.71	Assyrian Bank	1
0.47	Babylon Bank	2
0.90	National Islamic Bank	3
0.52	Gulf Commercial Bank	4
0.73	Commercial Bank of Iraq	5
1.00	International Islamic Bank	6
0.79	Trans Iraq Bank	7
0.67	United Islamic Bank	8
0.72375	Average	

Source: Prepared by the researcher based on the data of economic entities in the Iraq Stock Exchange according to the (Tobin's Q) model.

Hypothesis testing, analysis and interpretation of results

First- The First Main Hypothesis:

There is a statistically significant correlation between the quality of internal audit, operational performance indicators, and economic entity value.

A- The first sub-hypothesis: There is a statistically significant correlation between the quality of internal audit and operational performance indicators.

B- The second sub-hypothesis: There is a statistically significant correlation between operational performance indicators and the value of the economic entity.

C- Third sub-hypothesis: There is a statistically significant correlation between the quality of internal audit and the value of the economic entity through the mediating role of operational performance indicators.

The second main hypothesis:

There is a statistically significant effect of applying the quality of internal audit in the operational performance indicators and in a way that is reflected on the value of the economic entity.

A- The first sub-hypothesis: There is a statistically significant effect of internal audit quality in operational performance indicators.

B- The second sub-hypothesis: There is a statistically significant effect of operational performance indicators on the value of the economic entity.

C- Third Sub-Hypothesis: There is a statistically significant effect of the quality of internal audit on the value of the economic entity through the mediating role of operational performance indicators.

Theme Four: Conclusions and Recommendations

First: Conclusions related to the theoretical aspect:

1. The quality of internal audit as a management approach contributes by adhering to the application of internal audit standards issued by international professional organizations, which contribute to reducing costs and reducing errors.

Enhancing the quality of internal audit by improving the application of the Institute of Internal Auditors' (IIA) standards of professional practice, as it provides a methodological framework that can be used to analyze and improve audit processes in line with the objectives of the economic entity, with a focus on reducing errors and increasing efficiency.

3- The application of internal audit quality contributes to the quality of organizational and administrative performance in general in economic entities and helps to strengthen internal control systems, which is reflected in improving the implementation of operational processes with the least possible defects and deviations, improving the application of local and international accounting standards, regulations and regulations, and the good application of the accounting system.

4. The application of internal audit quality contributes to identifying and identifying the problem, gathering evidence, and helping the internal audit team to focus and understand the problems of the audit process more broadly to know the root causes that led to its occurrence, some of which are direct and others are indirect.

5- The process of continuous improvement or development of the quality of internal audit contributes to providing the best solutions by enhancing efficiency and continuous follow-up of the changes in the audit processes and the quality of service delivery in a correct way and at a high level of quality, which ensures that there is no return to the previous traditional practices.

6- The banks in the research sample work in the function of internal audit in accordance with professional standards, and some of these standards have been adapted according to the Iraqi environment, as the results indicate that the internal audit units enjoy high quality and that the level of internal audit quality is increased through the application of

the standards of professional practice issued by the competent organizations and bodies such as the Institute of Internal Auditors (IIA), which have a great role in adding value to the bank through the application of attribute standards and performance standards and ensuring the application of independence and objectivity by the internal audit departments in the banks of the research sample.

7- Operational performance reflects the result of the banks' activity in the research sample during a certain period of time, and this indicates the quality of banks' use of their resources for the purpose of maximizing the profitability and wealth of the owners, and the operational performance represents the aspect of efficiency and effectiveness of the banks in the research sample, because it is always concerned with the performance of operational and financing processes, because it is measured by the financial performance indicators that are done through the increase in the need for operational performance indicators as a result of the developments and modern technologies that have emerged, and this increases the benefit for the banks in the research sample.

8- There is a role for the Board of Directors in improving the accuracy of the operational performance forecasting model of the banks in the research sample, the evaluation of the operational performance of the banks in the research sample helps to refer to the developments achieved by the banks in their work journey towards achieving the best by comparing the results of the actual performance of the banks from time to time with the other banks in the research sample.

9. There are a set of procedures and mechanisms through which the operational performance is evaluated among the departments responsible for evaluating the performance in the organizational structure of the banks in the research sample, and they are usually clear and consistent, starting from the collection of statistical data to determining the responsibilities that fall on the institution subject to the evaluation for the purpose of reaching the correction of the path and raising the level set through the stages of evaluating the operational performance of the banks in the research sample.

10- The quality of internal audit plays a major role in influencing the operational performance indicators, which is reflected on the value of the economic entity, as the quality of internal audit and operational performance indicators ensures the availability of important, confirmed and predictive information that increases the efficiency of the market to attract investors to these stocks, and thus the demand for the shares rises and their value rises, and thus it can be said that The increase in the value of the economic entity indicates the quality of the operational performance indicators and the quality of the internal audit in the economic entity.

11- The good value of the economic entity has a significant impact on the decisions of investors within the Iraqi Stock Exchange, and this indicates that the economic entities under study and interested in the quality of internal audit provide more valuable accounting information that is directly related to creating a change in investors' expectations.

Second: Conclusions related to the practical aspect:

1- There is a direct correlation and effect with statistical significance for the quality of internal audit in operational performance indicators.

2- There is a direct correlation and effect of operational performance indicators on the value of the economic entity.

3- There is a correlation and an indirect effect of statistical significance of the quality of internal audit on the value of the economic entity through the mediating role of operational performance indicators.

4- The results indicated that economic entities interested in the quality of internal audit are witnessing an improvement in their economic values in the financial market, due to the increase in the reliability and credibility of their financial reports and the improvement of their financial and operational performance.

5. The essence of the direct and indirect impact of the quality of internal audit and operational performance indicators on the value of the economic entity not only means enhancing the financial performance and reliability, transparency and credibility of the financial reports of the economic entities under study, but may also indicate a great awareness by investors of the value of the units within the Iraqi Stock Exchange, which ultimately leads to increasing investor confidence and enhancing the position and value of economic entities in the market and their competitiveness.

Recommendations

1- Paying attention to the quality of internal audit as an integrated management approach to achieve quality in banking performance by reducing errors and reducing costs, with the need for the banking sector to pay attention to all modern means of work for banking work, which is reflected in the reality of work, speed and its completion with high accuracy.

2. Work to oblige the banking economic entities listed on the Iraqi Stock Exchange to apply the professional standards of internal audit issued by the Institute of Internal Auditors to achieve a high level of performance for internal control by developing the capabilities and skills of the employees of the internal audit units through training courses in the fields of internal audit and the areas of improving the levels of operational activities.

3- The researcher recommends that the Banking Sector Institution (the Central Bank of Iraq) urge and follow up on the banking sector to follow up on the application of internal audit standards and strengthen the internal control system by improving the quality of internal audit and its reflection on compliance with the requirements of the Central Bank and addressing emerging issues of the

banking sector to improve the performance of Iraqi banks and improve the tools of the Iraqi Stock Exchange in the publication of the information and financial statements of economic entities using electronic programs and other supporting office programs in a way that allows market participants to reduce time and time in dealing with accounting information to meet their needs and provide them with appropriate facilities.

4- The necessity for banks listed on the Iraqi Stock Exchange to think about ways and strategies that lead to improving their operational performance through the better application of the quality of internal audit and the necessity of adopting operational performance forecasting measures and applying them to the financial information contained in the banks' financial statements, announcing its result and including it in the banks' annual reports for the purpose of highlighting the role of financial information for the relevant parties so that they are aware of the level of these banks.

5. Iraqi researchers should adopt a more holistic approach to research related to operational performance and internal audit quality and their impact on the value of economic entity, and banks listed on the Iraq Stock Exchange should use the internal audit quality criterion as one of the criteria to evaluate the overall operational performance of banks in the long term, as it reflects the bank's management of its realized financial resources. Further scientific research should be conducted to monitor the impact of internal audit quality and operational performance indicators on the value of the economic entity.

6- Decision makers should strengthen regulatory control and mechanisms for implementing internal audit standards in order to raise the quality and independence of audit processes, thus protecting the interests of investors and the integrity of accounting information in the financial market, as well as the need for responsible authorities to facilitate the exchange of knowledge and experiences between economic entities that have successfully applied internal audit standards in order to enhance learning and disseminate sound audit practices. Internal or to provide studies to adapt these standards to the Iraqi environment.

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