

Original Research Article

The Role of Strategic Auditing in Enhancing Strategic Performance: An Empirical Study of the Opinions of Employees at the General Company for Iraqi Ports

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Abstract: The objective of the research is to ascertain the significance of strategic auditing and evaluate its influence on enhancing strategic performance at the General Company for Iraqi Ports. In order to accomplish this, the researcher utilized a descriptive-analytical methodology, constructing a conceptual framework that encompasses research variables and creating multiple primary hypotheses. The researcher employed a questionnaire as the principal instrument for data acquisition, disseminating a total of 200 forms. The SPSS software was used to analyze and determine the link between variables. The investigation yielded numerous significant findings, which are as follows: The study revealed a statistically significant correlation between the dimensions of strategic auditing and strategic performance indicators within the company under investigation. Additionally, a noteworthy correlation was observed between the dimensions of strategic auditing and strategic performance indicators. Based on the aforementioned findings, a series of recommendations that align with these conclusions have been put forth, accompanied by a clear delineation of the mechanisms required for their effective implementation.

Keywords: Strategic Auditing, Strategic Performance.

1. The Methodology of the Study

The problem of the study: Strategic auditing is widely recognized as a pivotal phase within the realm of strategic management. The success of a strategic plan is contingent upon the inclusion of control and strategic auditing throughout each phase of the process, beginning with strategic formulation and extending to strategic execution. In the pursuit of establishing a notable competitive advantage, companies prioritize the attainment of strategic performance as a crucial objective. On the contrary, the General Company for Iraqi Ports assumes significant and crucial responsibilities, which are evident in its dedication to promoting comprehensive economic development. It makes a direct contribution through two strategic projects, namely the Grand Faw Port and the International Development Road. These projects serve the purpose of connecting East Asia to the Mediterranean and Europe. Therefore, the research problem can be formulated as follows: Does the company under investigation possess a strategic vision concerning its strategic tools? The primary inquiry can be further examined by means of several subordinate inquiries:

- Does the researched company have a comprehensive vision regarding both strategic auditing and strategic performance?
- To what extent does strategic auditing contribute to improving strategic performance in the researched company?
- What is the correlation and influence between strategic auditing and strategic performance in the examined company?

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2. Importance of the Study: The significance of the research is embodied in the following:

- A. An intellectual aspect of my conceptual knowledge is manifested through the exploration of strategic management, specifically in both strategic auditing and strategic performance.
- B. Practical and field-related aspect: It is embodied through the results of correlational and influential relationships between variables, which are obtained through the field study. These findings will assist the managerial leadership in the researched company in identifying the elements that have stronger correlations and greater impact, with the aim of increasing attention to them and giving them the necessary priority.
- C. Other aspects: They are embodied in the significance of studying the research variables, particularly since they are relatively modern variables in the literature of contemporary management. Investigating them represents a scientific addition that can assist researchers and practitioners in the field of management in understanding the importance of strategic auditing and working on its development in a way that achieves improvements in strategic performance.

3. Research Objectives:

- A. Assessing the awareness of top leadership in the researched company regarding the research variables represented by strategic auditing and strategic performance.
- B. Providing the top management in the researched company with an informational database pertaining to the research variables and emphasizing the significance of the results derived from the correlational and influential relationship between these variables.
- C. Formulating a theoretical framework for the research variables represented by strategic auditing, strategic performance, and their dimensions.
- D. Testing the correlation and impact relationship between strategic auditing, strategic performance, and their dimensions.
- E. Identifying the most impactful dimensions of strategic auditing and their correlation with the dimensions of strategic performance.

4. Hypothetical Research Framework:

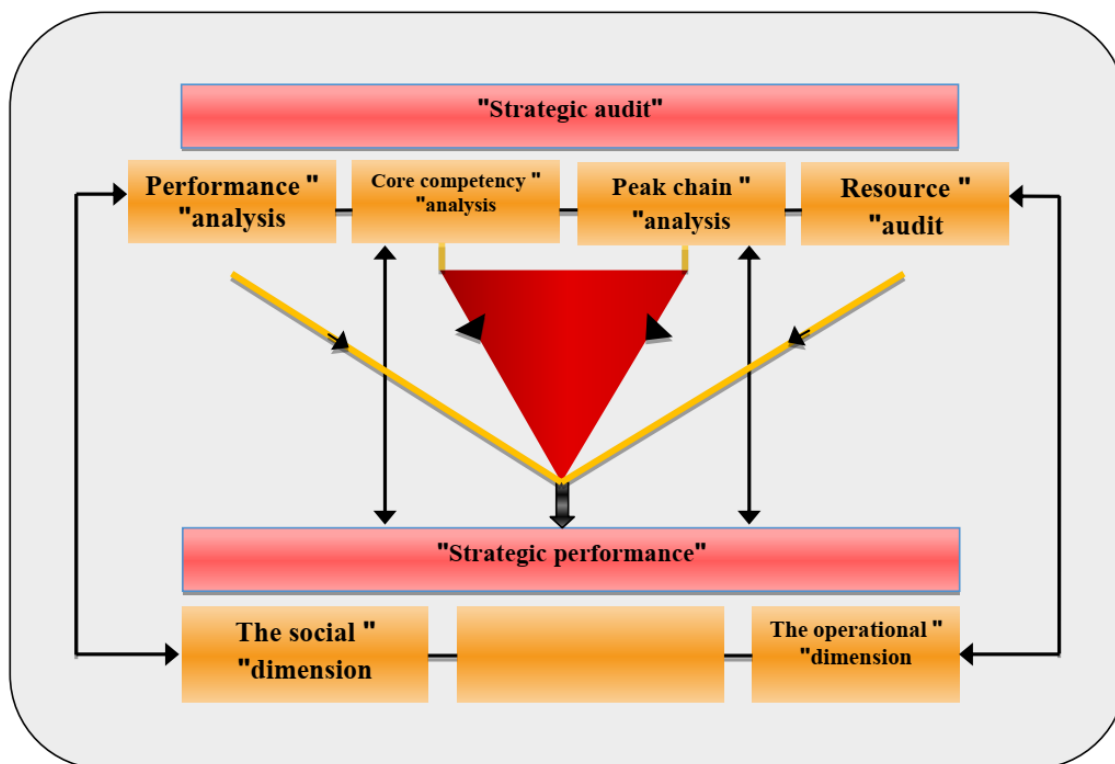


Figure 1: Hypothetical Framework
 Source: Prepared by the researchers

5. Research Hypotheses:

Hypothesis 1: There is a statistically significant correlation between the independent variable (strategic auditing and its dimensions) and the dependent variable (strategic performance and its dimensions).

Hypothesis 2: There is a statistically significant impact relationship between the independent variable (strategic auditing and its dimensions) and the dependent variable (strategic performance and its dimensions).

6. Methods of Data Collection and Information Gathering:

- A. Theoretical Aspect:** The theoretical information was gathered from studies, articles, university theses, and specialized Arabic and foreign scientific books related to the field of strategic management and other relevant disciplines.
- B. Field Aspect:** In covering the field aspect of the research, the researcher relied on several necessary methods for data and information collection, including the questionnaire. The questionnaire served as the primary source for gathering data, consisting of a set of questions related to the research variables. The researcher utilized a five-point Likert scale, with responses ranging from "Strongly Disagree (1)" to "Strongly Agree (5)".

Secondly: The Theoretical Framework

First: Strategic Auditing:

1- Concept of Strategic Auditing:

Strategic auditing is widely recognized as a crucial starting point in obtaining a comprehensive understanding of a company's performance. This is particularly relevant in light of the changing landscape of auditing practices, with many companies transitioning from traditional internal auditing to a more strategic approach. The significance of strategic auditing cannot be overstated as it plays a crucial role in facilitating the optimal utilization of internal auditing, bolstering companies' capacity to make informed strategic choices, and enhancing organizational efficiency. This point is underscored by (He and Li, 2023: 169). Hence, the implementation of strategic auditing plays a crucial role in ensuring congruence between the objectives, strategies, and policies of the organization, by thoroughly evaluating and choosing appropriate internal and external procedures. Therefore, it plays a pivotal role in the auditing process by assessing the strategic trajectory of organizations and ensuring the effective execution of operational procedures (Kibrit, 2023: 4).

In this particular context, strategic auditing refers to the systematic process of gathering pertinent information that is subsequently utilized to formulate precise business objectives and strategies. After conducting an analysis of various methodologies for defining the concept of strategic auditing, it is evident that two fundamental approaches can be discerned. The initial approach delineates strategic auditing as a subordinate system of managerial auditing that evaluates the growth potential of the company or the effectiveness of investment resources. The second approach examines strategic auditing as a discipline within auditing and investment practices, which aims to provide a thorough assessment of both internal and external operational circumstances (Rudnicki *et al.*, 2019: 49).

2. Significance of Strategic Auditing: The significance of strategic auditing is evident in the following aspects, as highlighted by (Sompong *et al.*, 2017) and (Baltos *et al.*, 2018):

- A. Ensuring that business companies continue to add value through a comprehensive examination of the strategic position of the company.
- B. Assisting strategic managers in identifying problems and deficiencies that may not be discovered and addressed in a timely manner.
- C. Eliminating unnecessary practices, which, if discontinued, would lead to cost savings, increased revenues, and enhanced efficiency of the company's management.
- D. Ensuring that the company's goals, plans, and policies align with its strategic decisions through the examination and evaluation of the internal and external environment of the company.
- E. Addressing the weaknesses experienced by the company, confronting challenges, and working to minimize them. Additionally, some researchers highlight the characteristics of strategic auditing (Agnieszka, 2017, 130).
 - A. Comprehensive analysis of business management strategies and management system strategies.
 - B. Reduces strategic risks for the company.
 - C. Identifies strategic strengths and weaknesses within the company.
 - D. Identifies new directions for activities that lead to the development of the company.

2- Steps of Strategic Auditing:

Strategic auditing covers the main aspects of the strategic management process and places it within the framework of decision-making. It consists of the following steps (Karim *et al.*, 2020: 2560):

- A. Evaluate the results of the current performance.
- B. Scan and evaluate the external environment.
- C. Scan and evaluate the internal environment.
- D. Analyze strategic factors using SWOT analysis.
- E. Generate and evaluate strategic alternatives.
- F. Implement the selected strategies.
- G. Evaluation and control.

Secondly: Strategic Performance

1- Concept of Strategic Performance:

The existing body of research in the field of general management has predominantly emphasized performance rather than strategy. This emphasis may be attributed, in part, to the reforms implemented in the public sector over the past three decades, which have led to a greater formalization of reporting practices. This outcome arose from the necessity of companies to establish a performance management measurement system that facilitates the attainment of goals and enhances the efficiency and effectiveness of the strategic process (Biondi & Russo, 2022: 6). The measurement of strategic performance has been a longstanding and complex matter, encompassing various aspects such as evaluating productivity models, improvement solutions, efficiency, effectiveness, profitability, and competitive advantage. Additionally, it is interconnected with the capabilities of the company, its stakeholders, and serves as a catalyst for fostering positive transformations in organizational culture, processes, and systems, thereby contributing to the realization of the strategic vision (Santati *et al.*, 2022: 112).

The concept of strategic performance pertains to the seamless integration of strategic planning and strategic performance management. The objective is to establish an organizational framework that aligns with strategies and functions, and effectively allocate and distribute resources within the company's structure and composition. It is crucial to effectively allocate human resources towards the attainment of organizational objectives, while also establishing performance metrics to evaluate individual, environmental, and social performance (Redding & Layland, 2015: 2).

2- Dimensions of Strategic Performance: It is natural that the dimensions of strategic performance receive attention from both companies and scholars as the main driver for achieving company goals. Based on the survey conducted by researchers on previous studies, the most frequently used dimensions are:

- a. **Operational Dimension:** Refers to an indicator designed to measure the effectiveness of the company in achieving its goals and objectives. It is a multidimensional concept designed to measure and understand the company's performance in achieving its goals and results.
- b. **Social Dimension:** Also known as stakeholder reports, it helps understand the overall results of the company, including economic conditions and social impacts. Key performance indicators are essential for several reasons:
 1. **Quantitative Measurement and Assessment:** KPI includes the performance data that normally has features of quantitative nature, which include numbers, percentages, ratio, rate among others, which can easily be used to compare performance .
 2. **Alignment with Objectives:** Efficient key performance indicators are selected based on the objectives of the evaluated entity, which can be an individual, a team project, or the company's strategic plan .
 3. **Focus on Critical Areas:** The major elements of KPIs are on the vital success factors that have considerable influence on the entity. They assist in providing information on strengths, weaknesses, opportunities and threats in as far as decision-making and resource management are concerned .
 4. **Performance and Objective Measurement:** KPI's always include setting of certain standards or objectives that are used in the assessment of performance. Such standards may be actual statistics, industry averages or other standards, or even lofty goals that certain entities set for themselves.
 5. **Monitoring and Control:** In this way, KPIs are effective for the concept of monitoring and control in practice. The identification and measurement of performance indicators for people and companies can track undesirable deviations from the expected level of performance and take corrective measures if needed.

4- Measurement of Strategic Performance: The systems used for assessing strategic performance are part of PM systems that focus on both financial and non-financial data. It they provide a wide range of information and tools to help the managers and employees to run their business successfully. Among the well-known techniques used in strategic performance measurement is the Balanced Scorecard (Fuadah *et al.*, 2020: 243) An example of an invalidating response is given as follows The Balanced Scorecard is largely employed as a strategic performance measurement tool and studies have indicated that it is mostly appreciated as one of the most popular and encapsulating methods of performance assessment. This tool has the capability to generate a strategy map, effectively communicate the organization's strategy to relevant stakeholders, make a commitment to strategic initiatives, and evaluate the organization's capacity to execute its strategy and enhance performance (Al-Mawali, 2023: 2). A comprehensive assessment of business performance necessitates a well-rounded perspective, as outlined by De Jesus Alvares Mendes Junior and Alves (2023: 1&2).

- A. Perspective on Learning and Growth: Focus on employee capabilities, information systems, and organizational climate that will foster long-term growth.
- B. Perspective on Internal Processes: Emphasis on excellence in internal operations.
- C. Perspective on Customers: Focus on creating value for targeted customers.
- D. Financial Perspective: Concentration on improving profitability and shareholder satisfaction.

Chapter three: (The Practical Aspect)

Firstly, Statistical Description: Presenting and analyzing the research findings (initial diagnosis of the results).

1 - Strategic Audit Dimensions: Based on the statistical analysis of the strategic audit dimensions, it can be concluded that the levels of all aspects were predominantly high. The levels of these dimensions can be summarized using Table 1.

Table 1: Arithmetic Means, Standard Deviations, Response Rate, and Relative Importance of the Main Dimensions for the Strategic Audit Variable (200 = n)

The primary dimension	The arithmetic mean	The standard deviation	Response rate	Relative importance
Resource Audit	3.99	0.82	High	The first
Value Chain Analysis	3.84	0.87	High	The fourth
Core Competency Analysis	3.85	0.88	High	The third
Performance Analysis	3.98	0.96	High	The second
The overall average of the dimensions of the strategic audit variable.	3.83	0.92	High	-

Through the data presented in the table above, it is noticeable that after reducing excessive marketing operations ranked highest in relative importance according to the research sample responses. On the other hand, the least prioritized dimension was the reduction of marketing-related flawed outputs. In general, the overall arithmetic mean of the strategic audit variable was 3.83, with a general standard deviation of 0.92.

2- Strategic Performance Dimensions: According to the statistical analysis of the strategic performance dimensions, all aspects were found to be at a moderate to high level. The levels of these dimensions can be summarized with reference to Table 2.

Table 2: Arithmetic Means, Standard Deviations, Response Rate, and Relative Importance of the Main Dimensions for the Strategic Performance Variable (200 = n)

"The main dimension"	The arithmetic mean	The standard deviation	Response rate	Relative importance
"The operational dimension"	4.23	0.81	Moderate	The first
"The social dimension"	4.08	0.74	Moderate	The second
"The overall average for the strategic performance variable."	3.95	0.82	High	-

According to the statistics in the table, it is clear that the strategic performance dimension received the highest relative value based on the replies from the study sample. In contrast, the operational dimension received the lowest level of priority. The overall arithmetic mean for the strategic performance variable was 3.95, with a standard deviation of 0.82.

Secondly, Testing the Research Model and Statistical Measurement of Hypotheses

In order to ascertain the credibility of the hypotheses, it is necessary to establish the scope of analysis in this axis, which will allow us to understand the nature of the link and the influence between the study variables in the surveyed banks.

Firstly - Testing the Primary Hypothesis:

The first hypothesis states that there is a significant meaningful correlation between the dimensions of strategic audit and the dimensions of strategic performance.

Table 3: Overall Correlations between Strategic Audit and Strategic Performance

		P.S	E.S
E.S	Pearson Correlation	1	894**
	Sig. (2-tailed)		.000
	N	100	100
P.S	Pearson Correlation	894**	1
	Sig. (2-tailed)	.000	
	N	100	100

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

The correlation matrix in Table (3) indicates a robust and statistically significant association at a 1% significance level between the strategic audit variable (P.S) and its combined dimensions, as well as the strategic performance variable

(E.S) and its combined dimensions. The correlation coefficient between these variables is 0.894. This confirms the accuracy of the initial premise, suggesting that the banks questioned now possess a comprehensive comprehension of how the various aspects of strategic audit contribute to the attainment of strategic performance, thereby leading to competitive advantages.

Secondly - The Primary Hypothesis Two

The second hypothesis posits a notable correlation between strategic audit and strategic performance. The researcher utilized Simple Regression Analysis to examine the aggregate influence of strategic audit on strategic performance. Table (4) presents the findings of the Simple Regression Analysis, which includes the non-standardized beta coefficient, the estimated and significant (t) value, and the explanatory coefficient (R²).

Table 4: Simple Regression Analysis between Strategic Audit and Strategic Performance Combined

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.321	0.367		3.201	0.000
E.S	1.730	0.061	0.863	26.89	0.000

a. Dependent Variable P.S
 b. R Square = 0.774, F = 285.275**

Table (4) demonstrates a notable correlation between strategic audit and strategic performance. The Unstandardized Beta Coefficient between them was 1.70, with an estimated t value of 26.890, indicating the importance of the Unstandardized Beta Coefficient at a level of 1. The test statistic (F) attained a value of (285.275), which is statistically significant at a significance level of (1). This result demonstrates the robustness of the test model. In addition, the coefficient of determination (R²) was 0.774.

Chapter Four: CONCLUSIONS AND RECOMMENDATIONS

Firstly: Conclusions

1. The presence of a significant correlation between strategic audit and dimensions of strategic performance within the researched company suggests the crucial role of strategic audit in enhancing overall strategic performance dimensions.
2. Each individual dimension of strategic audit showcased a significant correlation with dimensions of strategic performance. This emphasizes how the company's management focus on each aspect of strategic audit individually contributed to improving strategic performance.
3. The collective dimensions of strategic audit showed a significant influence on the dimensions of strategic performance within the researched company, indicating that strategic audit dimensions collectively have a meaningful impact on strategic performance dimensions.
4. Strategic audit serves as a tool for monitoring the state's strategies, aimed primarily at achieving economic, social, and environmental development goals for the country. It involves complex evaluation methods utilizing resources to achieve long-term development objectives, aiming to assess their viability within specific time frames and make necessary adjustments to increase resource efficiency, aligning with strategic policy frameworks.
5. During the implementation of national development plans and prior to execution, strategic audit uncovered various challenges and obstacles. This facilitated the identification of issues, provision of observations, and suggestions for overcoming these obstacles. This approach ensures the successful execution of national development plans and the attainment of their intended objectives.
6. In tandem with the adoption of strategic planning in the country, the Financial Audit Bureau has responded by incorporating strategic audit into its operations, aligning with the evolving state management approaches.

Secondly: RECOMMENDATIONS

1. Enhance the focus of the researched company's management on strategic audit and performance across all departments and units. To achieve this, it's recommended to support the company's digital and physical library with modern resources related to strategic audit and strategic performance.
2. Strengthen the relationship between universities, research and development centers specializing in strategic management, and the researched company. This collaboration aims to plan scenarios for the company's trajectory toward achieving its sought-after objectives.
3. Deepen decision-makers' awareness within the researched company regarding the correlation and impact between strategic audit and performance. Continuously highlight these relationships. To accomplish this, expand the horizons of managers and employees by providing updated information in both areas, enabling them to stay abreast of developments and better understand the correlation and impact between these variables regularly.
4. Reinforce the strong aspects within the researched company concerning both strategic audit and performance dimensions.

5. Address the persistent challenges hindering the company's continuous adoption of strategic audit. This involves providing consistent material, financial, human, and informational resources to overcome these obstacles.
6. The management of the researched company should focus on developing the skills, abilities, and knowledge of its managers and employees regarding strategic audit dimensions. This can be achieved through enrolling them in training courses and keeping them updated on the latest developments in this field.

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