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The Influence of Audit Quality on Financial and Non-Financial Performance: Evidence from Iraqi Industrial Corporations

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Abstract. In a continually changing business environment, the integration of audit quality and financial performance of industrial firms is critical to a company's success and continuity, and audit quality complements this relationship. As a result, the current study aims to quantify the impact of audit quality on financial performance, while also examining the relationship between audit quality and financial performance, as well as its effect on non-financial performance in Iraqi industrial companies. This assignment aims to improve the overall performance of Iraqi industrial enterprises and promote sustainability. A questionnaire of 60 paragraphs was created for this purpose, with equal distribution across the three categories (audit quality, financial performance, and non-financial performance). The study population consisted of internal auditors and accountants from 29 public industrial companies and 21 private joint-stock industrial companies. The questionnaire was distributed to a random sample of them, resulting in 154 responses. Demographic data were analysed utilizing descriptive statistics, and hypotheses were tested using both simple and multiple linear regression analyses. Statistical study revealed a link between audit quality and financial performance. Financial performance was 27.6%, a low percentage, but the association between audit quality and non-financial success was 49.4%. The findings also indicate that the auditor's industry experience and awareness of the importance of achieving quality have a substantial impact on audit performance. Furthermore, the existence of key performance indicators (KPIs) connected to strategic objectives improves the financial performance of industrial organizations. Transparency in environmental, social, and governance reports influences investment and funding decisions.

Keywords. Audit quality, financial performance, non-financial performance, industrial companies

1. Introduction

By rendering an opinion that verifies the veracity and correctness of financial accounts, high-quality external auditing is crucial in promoting the development of global economies and companies. Stakeholders can be assured that the financial data presented in an audit report is accurate, complete, and presented fairly and transparently (Amanah, 2024). When people think of audit quality, they typically envision ensuring that financial reports are free from significant errors (Aliagu & Iyoha, 2024). As stated by Qawqzeh et al. (2020), external auditors lend

credibility to a company's financial statements by conducting audits, providing opinions on the quality of the reports, and disseminating the results to end users. Gender equality on the audit committee acts as a moderator, and a gender-diverse board of directors is associated with higher-quality audits. A company's overall performance can be much improved when women are present on the board of directors (Yahaya et al., 2025).

In addition to showing how well a business is doing financially over time, financial performance also provides insight into the efficacy of its guidelines and operations. To improve efficiency and financial performance, suitable auditing procedures are required. Ondieki (2013) and Hanoon et al. (2021) found that financial success, as measured by the company's return on assets and return on equity, which creates revenue, is positively correlated with internal audit standards, audit independence, professional competence, and internal control. Dossi and Patelli (2010) found a positive correlation between the size of a subsidiary, the nationality of its headquarters, the inclusion of non-financial indicators in performance measurement system design, relative performance evaluation, and interactive use of performance measurement systems. Financial information is provided at regular intervals or as soon as it occurs, giving investors a clear view of the company's condition and allowing them to make informed investment decisions. Customers, consumers, and society at large perceive a company in a more positive light when non-financial information is disclosed. On a regional level (Mohammad et al., 2024), and according to Basel et al. (2024), a company's financial success is positively impacted by the skills of its board of directors. Worldwide, there has been an uptick in the use of non-financial disclosures to increase company responsibility and longevity. However, they may harm short-term financial performance in high-risk industries, such as Iraq. Environmental, social, and corporate governance (ESG) disclosure should be implemented gradually and strategically by corporations in high-risk sectors, according to Abbood et al. (2025). Good corporate governance and market share are influenced by financial performance, which in turn affects the company secretary's influence on market share (Khudhair & Fakhari, 2025). To improve future performance and achieve sustainability in this sector, the current study is important because it helps boards of directors of Iraqi industrial companies focus on both their financial and non-financial performance, and it measures the contribution of audit quality to enhancing this relationship. This study's findings will fill a need in the local literature by providing more information on this important subject.

2. Literature review

2.1 Audit quality

The auditor's technical mastery in identifying errors and their ability to perform a thorough review of the accounts to detect discrepancies are essential to the quality of the audit. A secondary consideration is his integrity and autonomy in recognizing misinformation (Guy & Thomas, 2024).

Badlaoui et al. (2021) argue that audit quality hinges on the obligation of qualified, unbiased, and seasoned auditors to ensure the accurate presentation of financial statements and corresponding information in accordance with generally accepted accounting principles, thereby ensuring the absence of material errors. A fundamental aspect of audit quality is the auditor's adherence to auditing standards, ethical principles, professional regulations, and auditing procedures. This entails sticking to the regulations and protocols established by professional organizations to govern the auditing profession and maintain auditor independence and integrity (Al Husban et al., 2022). These procedures are systematically utilized to objectively collect and evaluate evidence related to claims regarding financial activity and

events. Subsequently, the relevant individuals are informed of the audit's conclusions. Audit quality is essential for fostering enduring trust in auditors' duties and actions, which users (Dharmawan, 2023; Sujana) secure by demonstrating the accuracy, completeness, and reliability of financial statements and disclosures (Fadaly, 2025). Consequently, high-quality audits ensure the accuracy of audited financial accounts (Adeoye et al., 2023).

The trustworthiness and integrity of a company's financial statements are expected to grow following a comprehensive audit. Gaol et al. (2025) indicate that the auditor demonstrated perseverance, objectivity, and independence throughout the audit process. Auditors from influential firms, equipped with expertise and professional standards, strive to instill user confidence in financial accounts by providing high-quality audit services. This enables users to make independent judgments and safeguards auditors from professional or legal repercussions in cases of audit failure (Khamisah et al., 2025). The auditor and customer can communicate and comprehend one another more effectively (Hussein & Azzam, 2021).

2.2 Factors affecting audit quality

In recent years, the auditing profession has faced increasing criticism and pressure due to the issuance of misleading and fraudulent financial statements. Lawsuits against auditors have increased following the bankruptcy of several major American companies, despite their financial statements being audited by Arthur Andersen. Therefore, attention must be paid to audit quality to overcome these pressures (Rahman et al., 2021). In addition, audit quality is of paramount importance in ensuring the credibility of audit work performed by professional audit firms in accordance with international standards. Therefore, financial reports are likely to be free of material errors, and effective audit procedures and methods help increase the confidence of new and existing clients in audit institutions and firms that can serve society effectively. Audit quality is also a crucial tool for detecting financial and administrative corruption (Rashid et al., 2025). Among the aspects affecting audit quality are the size of the audit firm, professional competence, independence, industry experience, the auditor's awareness of the importance of achieving quality, audit fees, and competition (Abed & Khudhair, 2022).

The auditor discovers that the audit process is being carried out as required and with the highest imaginable quality, as external users of financial statements expect complete quality from the results of the audit process represented by the auditor's report, because they rely on this report in making their decisions (Mohammed & Abdullah, 2022). While it is a factor impacting audit quality, high audit fees are generally associated with higher audit quality, as auditors are equipped with the necessary resources to conduct comprehensive and accurate audits (Beshir et al., 2024).

Given the importance of competition between audit firms and its influence on audit quality, it has received widespread attention from professional firms. For example, the Cohen Commission noted that competition is one of the current challenges facing audit firms, due to its impact on audit hours and time balance (Ghadhab et al., 2019). Many studies and professional practices issued by professional firms suggest improving the quality of external auditing through the scientific and practical development of external auditor qualifications and the establishment of specific standards and methods for quality control, including peer review, in addition to supporting the independence of the external auditor by forming an audit committee or changing Mandatory for auditors (Al Araji et al., 2017)

2.3 Financial performance in industrial companies

The capacity of an organization or an individual to accomplish its objectives is

dependent on performance, which includes a wide range of complex phenomena and consequences that define the organization throughout all its operations (Alecsoiu et al., 2022). High financial performance of companies represents an attractive factor for investors in their investment decisions, for managers in their financial decisions, and for creditors in justifying their financing decisions, as profits are the primary goal of every company (Mişu et al., 2019). Therefore, it requires a comprehensive assessment of the company's position in various areas, including assets, liabilities, equity, costs, revenues, and overall profitability. Financial performance is calculated using a variety of business-related algorithms that enable consumers to determine accurate information about the company's future effectiveness (Fave & Adamu, 2021) and indicate the level of achievement in implementing a program, activity, or policy to achieve the company's goals, vision, and mission, according to the company's strategic planning (Sugiarti & Fitria, 2022).

Researchers believe that financial performance is the process of measuring the results of a company's policies and operations in monetary terms and is used to measure the company's overall financial health over a specific period of time (& Erorita, 2024 Bazimya), and therefore represents the outcome or success conducted by the company's management in carrying out its duty of managing the company's operations effectively over a distinct period of time (Sukenti, 2022). This is because it reflects the company's effectiveness and efficiency. Effectiveness refers to management's ability to choose the appropriate goals and tools to achieve them, while efficiency refers to the optimal service of inputs to produce the desired outputs (Panigrahi & Sar, 2025). This analytical technique aims to assess a corporation's adherence to financial norms. This study focuses on financial statements and other resources that provide monetary performance indicators. In addition to revenue statements, balance sheets, and cash flow reports, supplementary data is employed to augment the evaluation framework for financial performance analysis (Yulianti et al., 2025). Financial performance is essential as it reflects the entire financial health of an organization. According to Abdul (2023). There are financial and non-financial methods to assess a company's success. Financial performance is evaluated through metrics such as return on assets, effective cash flow management, customer satisfaction, and employee motivation. Non-financial performance arrows encompass factors such as enhanced market share, increased morale, and higher after-tax profits (Princess, 2024; Marcus). Several things influence financial performance. Liquidity refers to a company's ability to meet its financial obligations as they arise. Another factor is financial solvency, which suggests the company's ability to settle its obligations in the event of liquidation, regardless of whether it occurs imminently or in the distant future. The capacity of a corporation to develop profit within a limited timeframe is a crucial indicator of its financial performance (Nasution & Yusleny, 2023).

2.4 Metrics for financial performance in manufacturing firms

There is a wide variety of indicators that comprise financial performance metrics, all of which evaluate different aspects of a company's economic well-being and operational efficiency. These measures are essential for assessing and improving a business's financial situation. Firms can gain valuable insights into their financial health, working efficiency, and overall performance if they employ them effectively. To thrive in today's competitive business climate, companies must connect these metrics with strategic objectives, foster a culture of constant improvement, and have performance measurement tools in place. Profitability, liquidity, efficiency, and return on investment (ROI) ratios are just a few measures that fall into this category (Kuttu, 2024; Raju et al. (2025), profitability ratios reveal how well a business

turns its revenues into profits by analyzing its assets and equity utilization. The return on assets (ROA) ratio is a standard measure of profitability. To estimate an organization's profitability, this ratio is utilized. To get this ratio, divide total assets by net profit. Companies that perform well financially are those whose financial management is effective in generating profits, as indicated by a high return on assets (Ramdhan et al., 2025). This is because a high return on assets suggests that a company is efficient in using its assets to generate profits (Puspita & Muchran, 2023).

Return on equity is a valuation ratio that calculates the net profit after tax as a percentage of a company's capital. This ratio reflects the company's efficiency in using capital. The high value of this ratio shows good performance, while a low value suggests a decrease in the company's net profit (Jefri & Tiana, 2025). It is also used to measure the amount of profit a company generates from the shares in which the investor invests and to evaluate changes in the company's financial situation over a period (Santioso & Firdaus, 2023). Gross profit margin is used to measure the percentage of gross profit to a company's total sales. Gross profit is calculated by subtracting the cost of goods sold from net sales (Rahayu, 2024; Asiani). The net profit margin refers to the ratio of the net profit achieved to the level of sales. The net profit margin is used to indicate a company's ability to generate net profit after tax on its sales. This percentage shows the net profit collected from each sale. Therefore, the higher this ratio, the greater the company's ability to generate high profits (Al-Hikmah et al., 2023). The higher the net profit margin, the higher the net profit as a percentage of net sales.

On the other hand, the lower the net profit margin, the more inferior the net profit from net sales (Utami, 2023). Liquidity ratios reflect a company's ability to compensate its debts, both in the short and long term, as liquidity affects performance. A financially sound company usually exhibits strong performance and maintains sufficient liquidity. A company's operational confidence also affects its liquidity (Alsulami, 2025). There are several types of liquidity ratios commonly used to determine a company's ability to cover short-term deficits, including the current ratio and the quick ratio. The existing ratio measures a company's ability to repay its short-term debts (Sugiarto & Rizdiansyah, 2024), while the quick ratio indicates a company's ability to finance or settle its short-term obligations using current assets, excluding inventory (Manao & Dewi, 2025). Investors often pay close attention to liquidity ratios when conducting a fundamental analysis of a company, because a company that consistently struggles to repay its short-term debts is more likely to be vulnerable to bankruptcy. Liquidity ratios are a good measure of a company's ability to continue operating well (Djohan, 2023; Stefvly).

Activity ratios are critical metrics for measuring a company's asset utilization effectiveness, as they indicate the extent to which a company utilizes its resources to support its activities. Activity ratios also help evaluate a company's operational efficiency and inventory management. Total asset turnover indicates the number of times all assets are utilized and the amount of sales generated from each rupee of assets. Inventory turnover measures the frequency at which inventory is sold or used over a specified period, indicating the speed of return on inventory investment (Letari et al., 2024). Working capital turnover measures how efficiently a company utilizes its working capital to support its daily operations. Working capital comprises current assets, current liabilities (including accounts payable), and current balances used to manage the company's operations. Accounts receivable turnover measures the speed at which a company collects its receivables from customers. This ratio provides an overview of a company's accounts receivable management efficiency and effectiveness. The higher the accounts receivable turnover rate, the faster the accounts receivable are converted into cash. This means that the company's receivables management is proceeding well (Lukman, 2024).

One way to determine how much debt a company has is by looking at its solvency ratio, which is also called its leverage ratio (Jihadi et al., 2021). Financial leverage is measured by the return on equity and the debt-to-equity ratio. Financial leverage refers to the extent to which a company utilizes debt to finance its operations. Financial leverage, also referred to as return on equity, increases when an organization's investment returns from borrowed capital exceed its interest obligations (Thuy, 2023). Financial leverage has numerous advantages, including the reduction of taxable income and the enhancement of returns on equity. A substantial debt burden, however, increases the likelihood of financial difficulties, especially during economic recessions, making it a naturally risky proposition. Consequently, understanding the impact of financial leverage on company outcomes is crucial (Mutumanikam & Adelin, 2024).

2.4 Metrics for financial performance in manufacturing firms

Non-financial performance refers to a measure of a company's quantitative information and is not measured in monetary terms. As quantitative information is based on economic values, companies also need to evaluate qualitative evidence to demonstrate their satisfaction with their performance. As a result, many companies view qualitative information as an essential and vital part of improving overall performance (Ahmad & Jamil, 2020). It has two main advantages: the first is that financial performance explains or attempts to explain certain relationships or events that are not apparent from financial statements. The second advantage is that it highlights severe crises in which traditional accounting has failed to respond to challenges and changes in business operations (Fang, 2024; Dai).

A company's non-financial performance tracks aspects of performance that cannot be measured financially but are particularly important for long-term success (Buglea et al., 2025). Non-financial performance measures are leading indicators that provide information about future performance that is not necessarily included in traditional accounting measures. These measures reflect the main value-generating activities, as the focus of non-financial performance is more on the company's long-term success. (Abdullahi et al., 2021) Moreover, include non-financial measures (quality, employee satisfaction, client fulfillment, market effectiveness, corporate image, reputation, human resource quality, customer base, brand loyalty, investment in research and development, new product development, ability to develop competitiveness, market exposure and development, culture, environment, and innovation performance) (Al-Mamary et al., 2020).

Non-financial performance standards differ from financial measures in that they do not rely on the company's financial statements. They are also referred to as qualitative performance measures because they are more subjective than financial indicators (Dahal et al., 2023). Depending just on financial statements can cause companies to overlook their ethical responsibilities, including environmental and social impacts. Although these factors do not directly impact short-term profits, they are crucial for ensuring business sustainability and enhancing competitive advantage in the long term (Wassie & Lakatos, 2025).

3. Method

3.1 The study's significance

Most of the research in Iraq concentrates on audit quality and financial performance within the banking industry. This study examines the industrial sector due to its considerable significance, reflecting the significant increase it has undergone in the past five years. Furthermore, assessing audit quality through both financial and non-financial performance in this area is an uncommon investigation. Hence, the findings of this study will highlight the

strengths and weaknesses in the financial and non-financial performance of industrial companies for their boards of directors, while also considering the influence of audit quality on this relationship, ultimately enhancing overall sector performance.

3.2 The study's aims

The current study aims to measure the degree to which audit quality influences the relationship between financial and non-financial performance in industrial companies in Iraq. This will contribute to raising the overall performance of this industrial sector, achieving sustainability, and realizing development plans.

3.3 The study Problem

Industrial companies in Iraq have suffered a significant decline since the change in the political regime in 2003, due to numerous factors, including political, security, and economic factors. This has led to a decline in their financial performance, particularly among public sector industrial companies. As for non-financial performance, public sector companies are still in the process of implementing sustainability standards, and numerous studies indicate challenges in their implementation. In this context, the idea of this study was to measure the role of audit quality in modifying the relationship between financial and non-financial performance in these companies. The research questions are as follows:

- A. Is there a relationship between audit quality and financial performance in Iraqi industrial corporations?
- B. Is there a relationship between audit quality and non-financial performance in Iraqi industrial corporations?
- C. Does audit quality contribute to modifying the relationship between financial and non-financial performance in Iraqi industrial corporations?

3.4 Hypothesis of the study

Based on the study's questions, the current study attempts to test the following hypotheses:

- A. There is a significant relationship between audit quality and financial performance in Iraqi industrial corporations.
- B. There is a significant relationship between audit quality and non-financial performance in Iraqi industrial corporations.
- C. There is an impact of audit quality on the financial performance and the quality of non-financial performance of Iraqi industrial companies.

3.5 Methods

The study population consisted of internal auditors and accountants from 29 public industrial enterprises and 21 private joint-stock industrial companies, which were selected to fulfill the study objectives and address the research issues. A questionnaire was designed based on the literature studied for this objective. The questionnaire was disseminated to a random sample of participants. A total of 154 valid questionnaires were available for examination. The survey was segmented into four areas. The initial section addressed demographic data, but the subsequent section focused on the three study variables: audit quality, financial performance, and non-financial performance. Each variable was assigned 20 questions. The data were subjected to statistical analysis with SPSS Version 28. The questionnaire's validity and reliability were assessed through factor analysis, while simple and multiple linear regression,

utilizing the least squares method, were used to test the hypotheses. The following statistical equations were utilized to test the hypotheses of the study:

- $QAU = B_0 + B_1(FPE) + e_{it} \dots \dots \dots (1)$
 - $QAU = B_0 + B_1(NFPE) + e_{it} \dots \dots \dots (2)$
 - $QAU = B_0 + B_1(FPE) + B_2(NFPE) + e_{it} \dots \dots \dots (3)$
- QAU = the dependent variable (Audit quality).

4. Results

4.2 Study Variables

The study variables and descriptive data are displayed in the following table.

variables	Abbreviation	Mean	Std. Deviation	N
Audit Quality	QAU	8.6818	1.14734	154
Financial Performance	FPE	8.1818	1.17409	154
Non-Financial Performance	NFPE	8.0584	1.35876	154

The table above presents the weighted mean and standard deviation of. The independent variable (audit quality) exhibited a low standard deviation of 1.1473 and a high weighted mean of 8.682. The initial dependent variable (financial performance) showed a standard deviation of 1.1741 and a weighted mean of 8.182. The second dependent variable (non-financial performance) had a standard deviation of 1.359 and a weighted mean of 8.058. The results demonstrate that all variables remain within statistically acceptable bounds, indicating the convergence of the sample's responses and their appropriateness for the study.

4.3 Results of testing the study hypothesis

Hypothesis 1: There is a significant relationship between audit quality and financial performance in Iraqi industrial corporations.

		Audit Quality	Financial Performance
Audit Quality	Pearson Correlation	1	.276**
	Sig. (2-tailed)		.001
	N	154	154
Financial Performance	Pearson Correlation	.276**	1
	Sig. (2-tailed)	.001	
	N	154	154

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

Table 2 above shows the variables in the Pearson correlation matrix. The correlation coefficient between audit quality and financial performance was 0.276, with a significance level of less than 0.01, indicating a statistically significant, albeit weak, relationship.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.729	.699		8.201	.000

	Financial Performance	.283	.080	.276	3.542	.001
a. Dependent Variable: Audit Quality						

Table (3) above shows that the coefficient value of the regression equation constant reached 5.729, and the slope value of the regression equation reached 28.3%, indicating the impact of the independent variable (audit quality) on the dependent variable (financial performance) through coefficient B. A positive value of the coefficient suggests a direct relationship between the two variables, the independent and the dependent. In other words, a one-point increase in the independent variable (audit quality) leads to a 28.3% increase in the dependent variable (financial performance), assuming all other independent variables remain constant. It is also noted from the table above that the significance level of the independent variable reached 0.01, which is less than the previously accepted error in the social sciences, set at 0.05. This means that the sample data provided evidence. To take the alternative hypothesis of a statistically significant effect, that there is a statistically significant influence of audit quality on the financial performance of Iraqi industrial companies, the regression line equation can be derived from the data presented in the table above as follows:

$$QAU = 5.729 + 28.3 + 1 = \dots \dots (4)$$

Below are the figures that show the normal distribution of the dependent variable (Financial Performance):

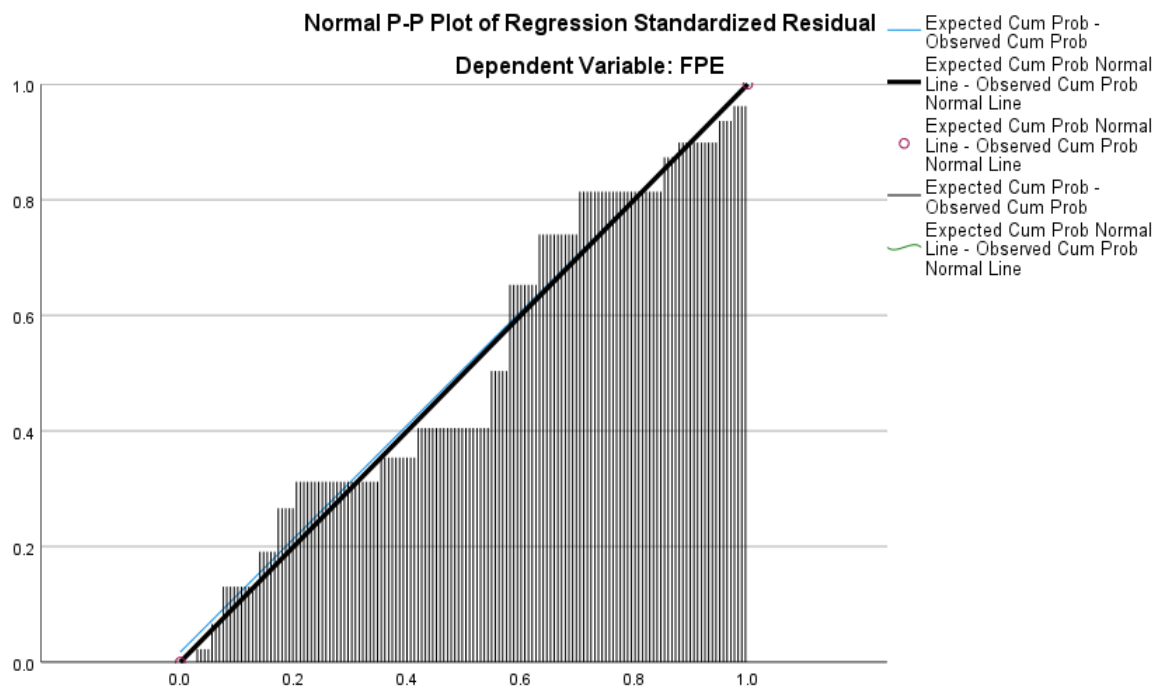


Figure 1. Financial Performance

Figure 1 above illustrates that the points are arranged linearly for the dependent variable (financial performance), suggesting that the residuals conform to a normal distribution of the data. This indicates that one of the prerequisites for regression analysis is satisfied.

Hypothesis 2: Audit quality contributes to moderating the relationship between financial performance and audit quality in Iraqi industrial corporations

		Audit Quality	Non-Financial Performance
Audit Quality	Pearson Correlation	1.000	.494
	Sig. (2-tailed)	.494	1.000
	N	.	.000
Non-Financial Performance	Pearson Correlation	.000	.
	Sig. (2-tailed)	154	154
	N	154	154

Table 4 above shows the variables in the Pearson correlation matrix. The correlation coefficient between audit quality and financial performance was 0.494, with a significance level of less than 0.00, indicating a statistically significant.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.978	.731		4.072	.000
	Audit Quality	.585	.084	.494	7.007	.000

a. Dependent Variable: Non-Financial Performance

Table (5) above shows that the coefficient value of the regression equation constant reached 2.978, and the slope value of the regression equation reached 58.53%, indicating the impact of the independent variable (audit quality) on the dependent variable (non-financial performance) through coefficient B. A positive value of the coefficient suggests a direct relationship between the two variables, the independent and the dependent. In other words, a one-point increase in the independent variable (audit quality) leads to a 28.3% increase in the dependent variable (non-financial performance), assuming all other independent variables remain constant. It is also noted from the table above that the significance level of the independent variable reached 0.00, which is less than the previously accepted error in the social sciences, set at 0.05. This means that the sample data provided evidence. To take the alternative hypothesis of a statistically significant effect, that there is a statistically significant influence of audit quality on the non-financial performance of Iraqi industrial corporations, the regression line equation can be derived from the data presented in the table above as follows:

$$QAU = 2.978 + 58.5 + 1 = \dots \dots \dots (5)$$

Hypothesis 3: There is an impact of audit quality on the financial performance and the quality of non-financial performance of Iraqi industrial corporations.

Table 6. Regression between audit quality, financial performance and non-financial performance ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.300	.876		2.627	.010
	Audit Quality	.552	.087	.466	6.370	.000
	Financial Performance	.118	.085	.102	1.398	.164

a. Dependent Variable: non-financial performance

Table (6) above shows that the value of the constant coefficient of the regression equation reached 2.978, and the value of the slope of the regression equation reached 23%, indicating the impact of the independent variable (audit quality and financial performance) on the dependent variable (non-financial performance) through coefficient B. A positive value of the coefficient indicates a direct relationship between the independent variable and the dependent variable. In other words, a one-point increase in the independent variables (audit quality and financial performance) leads to a 23% increase in the dependent variable (non-financial performance), assuming all other independent variables remain constant. It is also noted from the table above that the significance level of the independent variable reached 0.00, which is lower than the previously accepted error in the social sciences, set at 0.05. This means that the sample data provided evidence. To take the alternative hypothesis that there is a statistically significant impact of audit quality and financial performance on the non-financial performance of Iraqi industrial companies, the regression line equation can be derived from the data in the table above as follows:

$$QAU = 2.300 + 55.2 + 11.8 + 1 = \dots \dots$$

5. Conclusions

The caliber of their audits has a significant impact on the relationship between the financial and non-financial performance of Iraqi industrial enterprises. Besides accurately depicting the financial status of Iraqi industrial businesses, it enhances stakeholder and investor confidence in corporate management. This has led to a more precise and transparent assessment of their economic performance. Furthermore, with the support of a credible audit, Iraqi industrial businesses may more effectively foresee and address challenges to their long-term sustainability and competitiveness in regional and local markets. Governance, transparency, and social and environmental responsibility are three key dimensions of sustainability that are strengthened by audit quality, which in turn influences non-financial performance. This encourages Iraqi industrial enterprises to adopt greater social and environmental responsibility, thereby enhancing public confidence in their boards of directors. Iraqi industrial firms can improve their internal processes and achieve sustainable results, containing both financial and non-financial performance, by leveraging the support of auditors who effectively apply audit quality standards and utilize contemporary tools and technology. Experimental procedures and the cultivation of skills and knowledge facilitate the sustainable improvement of audit quality,

notwithstanding the challenges presented by advancing technical instruments, requirements, standards, and other variables. Improved audit quality enhances the value of Iraqi industrial enterprises and their contribution to the Iraqi economy, positively influencing the balance and integration of non-financial and financial performance. To maintain positive outcomes, it is essential to uphold robust ethical standards and maintain transparency.

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