

The reality of Applying Strategic Audit and its Impact on company performance

واقع تطبيق التدقيق الاستراتيجي وعلاقته بالأداء في المؤسسة الاقتصادية

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Abstract:

The aim of the study is to assess the role of strategic audit, which is considered a means of ensuring the strategic vigilance of businesses in a rapidly changing environment and a way of controlling strategic management. Thus, the findings of the study demonstrate that there is a moral relationship between strategic audit and performance as though they revealed only a partial implementation of strategic management and strategic audit. Accordingly, the study proved that the application of strategic audit contributes to improving its overall performance.

Keywords: Strategic management; firm performance; Strategic audit; Strategic orientation; Company environment

Jel Classification Codes :M10 ; M42 ; L25

Abstract in Arabic:

الهدف من وراء هذه الدراسة هو تبيين دور التدقيق الاستراتيجي الذي يعتبر كوسيلة لضمان اليقظة الاستراتيجية للمؤسسة ضمن محيطها الذي يتميز بسرعة التغير ووسيلة ضبط للإدارة الاستراتيجية ومنه توصلنا من خلال تحليل النتائج إلى وجود علاقة معنوية تربط كل من التدقيق الاستراتيجي والأداء كما اعتمد على وجود تطبيق للإدارة الاستراتيجية والتدقيق الاستراتيجي لكن ليس بشكل كلي بل هناك تطبيق جزئي غير شامل. وعليه فإن الدراسة أثبتت أن تطبيق التدقيق الاستراتيجي يساهم في تحسين أدائها الكلي.

Keywords (in Arabic):

الإدارة الاستراتيجية؛ الأداء؛ التدقيق الاستراتيجي؛ التوجه الاستراتيجي؛ بيئة المؤسسة

Jel Classification Codes: M10 ;M42 ; L25.

Introduction:

The speed of change that characterizes today's business environment, both externally and internally, requires qualified managers who are able to provide a futuristic vision of the company that would ultimately help keep up with the changes. This poses a set of challenges namely the constant search for guarantees of survival and sustainability through any strategic approaches available to them that contribute in improving the levels of performance development.

In the strategic field, the success or failure of companies depends on the extent of their ability to achieve their mission, goals and objectives by establishing a solid strategy and seeking to implement it in light of the environmental changes surrounding them. Nonetheless, the audit process remains one of the most effective ways to follow up its implementation or modification.

This has led to the search for an effective tool that would contribute to the evaluation of all business activities (the environment, the implementation of strategy, evaluation and control), and this can be achieved through a careful application of strategic audit. The latter is considered the most important starting point among the different types of audits, as financial audit controls expenditure, corrects the direction of imports and rationalizes spending while quality audit ensures the optimal use of resources and the improvement of productivity. Hence, the role of strategic audit is to contribute to the assessment of the strategic direction of the company and ensure that the operational processes are performed effectively, which enhances the rationalization of expenditures. This would contribute to the overall performance of companies.

Literature Review:

Several research works have been published on Strategic Audit the last few years. Yet few recent works have explored the impact of strategic audit and strategic management on improving company performance because most research addressed Strategic audit and business performance independently.

In a recent paper, Bouabia Hassan (2016) examined the effectiveness of the strategic audit in evaluating the performance of companies. He concluded that strategic audit is an effective method for evaluating performance because it provides an integrated assessment of the strategic position of the institution by looking for answers to several questions related to the different aspects of strategic management and that the strategic performance in Algerian companies remain ambiguous and unofficial.

The study of Benyamina Ibrahim (2020) investigated application of strategic audit and its relationship to different dimensions of performance

(organizational, economic, social, and environmental). The results indicated the existence of a moderate implementation of strategic auditing in businesses. They further revealed a presence of a significant relationship between strategic audit and improvement of economic, organizational and social performance of companies, but an absence of any relation to its environmental performance. Therefore, the study proved that the application of strategic audit in businesses contributes to improving their economic performance.

An interesting paper published by Shible et al. (2020) tackled the role of strategic audit in improving the performance of Industrial companies in Iraq. They have concluded that strategic audit contributes in improving economic,organisational, social, and environmental performance of the company.

Due to the scarcity of studies on this topic, more research is needed to explore the impact of strategic audit on improving companies' performance in Algeria. In this sense, the study aims to show the extent to which strategic audit contributes significantly to improving performance. We will try to compare our results with previous studies and to address some of the variables that were not covered in previous studies.

Problem Statement:

In light of what has been mentioned above, the present paper aims to answer the following question: To what extent does strategic audit contribute to improving the performance of companies?

Hypotheses:

In order to answer the question, two main hypotheses were formulated as follows:

- There is no liner correlation between strategic audit and the performance level.
- There is a linear correlation between strategic audit and the performance level.

I. Definition of Strategic Audit

Strategic Audit is a branch of Accounting and Auditing. It refers to a checklist consisting of a number of questions covering all stages of strategic management in a way that enables the systematic analysis of the various activities and functions required by the administration.

Donaldson was the first one to use the concept in 1995 in an article published in Harvard Business Journal entitled "A New Tool for Boards: The Strategic Audit," in which he explains that the purpose of its implementation is to help the board of directors review their business strategy. Thus, the concept of strategic audit emerged at the request of the Institute of Internal Auditors(AII) to defend methods of measurement that

can be applied in order to ensure compliance with the company's strategic plan after its implementation.

However, it is worth mentioning that there exist various definitions of Strategic Audit, among which Well who states that Strategic audit is one of the tools associated with strategic choices on the internal level and the environment on the external level (Al Houcini, 2006, p.131). While, Arnaldo claims that the review of the strategic plan refers to "Reviewing decisions that focus on the relationship of the company with the external environment, where the circumstances in which decisions are made remain uncertain; this puts a heavy burden on the management in adapting the company to these environmental variables" (Sekkak, 2015, p.393)

From the above definitions, we assume that strategic audit is one of the most important mechanisms for diagnosing problems and obstacles to the company's achievement of its strategic plans. It includes a detailed analysis of all aspects, functions and various activities of the company and the level of performance of its strategic plans. Besides, strategic audit provides the company with detailed answers to important questions that help to accurately address any deviations.

II. The Importance of Strategic Audit

Strategic audit is of utmost significance to companies' performance. Its importance can be summarized as follows:

- It assures that companies add value through a thorough examination of the organization's strategic position.
- It assesses the success of the operations carried out by checking the progress of the operations until reaching the targeted levels.
- It helps strategic managers identify problems and shortcomings that cannot be detected and addressed in a timely manner.
- Strategic audit is an important process in the company because internal and external factors are unstable in the long term. Since change is a key feature, it constantly affects strengths, weaknesses, opportunities and threats of companies. Nevertheless, it is not only change that influences companies but also when this change occurs and the ways in which this change takes place.
- It ensures that the objectives, plans, and policies of the company do not conflict with its strategic decisions through the examination and evaluation of both the internal and external environment of the company.
- It helps overcome the weaknesses and the challenges faced by the company by reducing them to the lowest possible.

- It provides timely guidance and recommendations for addressing shortcomings and drawbacks (El Khafaji, 2010, p.10)

III. Characteristics of Strategic Audit

The characteristics of strategic audit can be summarized as follows:

1. Inclusiveness: Strategic audit is meant to cover all strategic management processes without focusing on a single process or a single stage because these processes are interrelated and integrated with each other in order to achieve the main objectives of the company. Therefore, any flaw in any phase will seriously affect the actual performance of the other processes or stages. This clearly demonstrates the importance of strategic audit on strategic management processes.

2. Independence: it means that strategic audit should be carried out by either an external audit or an internal one that is free from any obligation to the company's management in order to ensure the effectiveness and the reliability of the strategic audit system (Abdel Mohsin, 2004, p.395).

3. Periodicity and continuity: The effectiveness of the strategic audit is shown in its ability to address deviations related to strategic actions in real time (before they occur) in order to extend the impact of strategic management work for future periods in sample and reduce the additional costs associated with these strategic decisions.

4. Objectivity: Strategic audit is based on neutrality supported by evidence free from any subjective feelings like (Bias, hatred, envy, prejudice, backgrounds and nature) and without making any concessions that affect the quality of work. As stated in the International Standard 1100 for Internal Auditors, objectivity is an unbiased mode of mind that allows auditors to perform their tasks in a way that makes them believe in the safety of their work.

5. Relationship maintenance: "Strategic audit and those involved in maintaining the relationships with business organizations should always consider the need to maintain these relationships when undertaking strategic auditing, identifying, interpreting and developing these relationships between the organization and its employees, customers, suppliers and competitors...". Furthermore, it is important to make recommendations on developing and cultivating these relationships while providing all the necessary resources that would maintain and perpetuate these relationships (Suleiman, 2015, p.74).

IV. Objectives of Strategic Audit

The main objective of strategic audit is to highlight the unnecessary practices of the company and to convert unused resources and optional activities into strategic ones. According to Ibrahim Benyamina, the objectives of strategic audit are as follows:

1. Review management assumptions towards change in many areas, including the overall structure of the industry, the competitive positioning, and the key customer needs,
2. provide an objective study of the competitive positioning of the company through an identification of the best practices, and evaluation of the status of the company. (Lectures on the foundations of strategic audit)
3. Diagnose the main problems and obstacles facing the company in the implementing its strategic plans.
4. Examine and evaluate the company's strategic directors namely the chairman and members of the Board of Directors)
5. Generate, evaluate and select the best alternative strategy in light of the results of the analysis.
6. Analyze strategic factors, diagnose problems and review their mission and objectives when necessary(2018,p.94).

V. Econometric Research Method

In this section, we will try to discuss the methodology used, the sampling, the data collection tools, resources and the findings.

V.1. Method

The study is based on the Statistical Analytical Method of the Social Package (SPSS23), which aims to analyze the role of strategic audit in improving the performance of companies. For the sake of the study, a questionnaire was used to collect data from respondents.

V.2. Sample description

The study group consists of a group of employees at an Algerian Cement Company where questionnaires have been distributed to employees. Forty (40) questionnaires were retrieved and corrected to take into consideration only 38 for data analysis, which means that 95% of the responses were analyzed. In order to analyze data, we have chosen SPSS 23 in order to answer the main question and negate or confirm the hypotheses of the study.

V.3. Variables of the study and Data Collection

Before addressing the variables of the study, their measurement and the method of data collection, it is necessary to refer to the sources of data collection, which are as follows:

- Primary sources through the distribution of a questionnaire, the collection of information and data, processing and analysis

V.4.Presentation and Interpretation of results

After collecting the questionnaire from the sample population, the data were imported the SPSS program in order to analyze and interpret the

results, then we started our discussion of the results obtained from the sample population.

V.4.1. Reliability of the study tool

a. Validity of the internal consistency of the questionnaire

The variables adopted in the study were classified into three variables according to the order of the questions in the questionnaire, and the version 23 program was used in the process of statistical analysis of the data, and the results of the analysis were drawn as follows:

a.1. Validity of the statements of Section one

Table number (01): Internal consistency of the statements of section one on the reality of strategic management

Statements	Correlation coefficient	Probability value
1- The company has a specific, clear and precise strategic vision and is accepted by all members of the company.	0,747**	0,000
2- The company has specific, clear, accurate and stated strategic goals and objectives for all its employees.	0,628**	0,000
3-The company evaluates, distributes and allocates its financial resources in accordance with its financial objectives, policy and strategy	0,585**	0,000
4- The company studies and evaluates its human resources in order to achieve its goals, policies and strategies.	0,593**	0,000
5- The company has clear policies and objectives for research and development	0,879**	0,000
6- The company studies and analyzes elements of the general external environment	0,848**	0,000
7- The company studies and analyzes the elements of the special external environment	0,782**	0,000

8- When implementing its strategy, the company considers the rules, programs and procedures in order to achieve the objectives of strategic implementation	0,813**	0,000
9- The company continuously monitors the strategy to ensure that the strategy meets its stated goals.	0,744**	0,000
10- There is a department of strategic planning in your company.	0,209**	0,000
11- The management of the company gives great attention to strategic management.	0,363*	0,025
12- The company harnesses the necessary human and material capabilities to achieve the strategic objectives.	0,798**	0,000
13- The strategy helps to create a coherent framework for strategic decision-making.	0,764**	0,000
14-The company works to reduce the deviations between the states and achieved goals in a timely manner	0,855**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

As shown in table 1, all statements are true, so that the correlation coefficient with the dimension to which it belongs is at the significance level 0.01.

a.2. Validity of the internal consistency of the statements in Section Two

Table number(02): Internal consistency of the statements of Section two on the Economic dimension and the performance level of the company

Statements	Correlation coefficient	Probability value
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1- There is a continuous improvement in the profitability of the company and a positive development in its various financial results and economic indicators.	0,875**	0,000
2- The company achieves its economic and set objectives.	0,758**	0,000
3- The company helps employees in adding value to the organization.	0,884**	0,000
4- The company is expanding and increasing its market share.	0,819**	0,000
5-The company has a competitive advantage over organizations in the same field.	0,656**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

The above table shows that Pearson's correlation coefficient ranges in value from 0.656 to 0.875. This indicates a moderate to strong correlation where the fifth (5th) statement (The company has a competitive advantage over organizations in the same field) attains the lowest correlation value of 0.656, which suggests a moderate correlation with the sum total of statements. However, Statement 01 (There is a continuous improvement in the profitability of the company and a positive development in its various financial results and economic indicators) reaches the highest correlation value which is estimated at 0.875. This demonstrates a strong correlation with the whole, and we note that the probability value, for all statements, equals 0, which means that the statements are statistically significant at 0.01. We can deduce that all the statements are true.

Table number (03): Internal consistency of the second paragraph in Section Two: Organizational dimension on the performance Level of the company

Statements	Correlation coefficient	Probability value
1- The company has a flexible organizational structure that	0,828**	0,000

allows it to steer/direct its activity in a new strategic direction.		
2- There is a sense of complementarity, coordination and cooperation among the company's various departments	0,822**	0,000
3- The company has a strong and effective information system in line with its plans and strategy	0,817**	0,000
4- The company has clear policies including its structural balance	0,847**	0,000
5- The company identifies its weaknesses and works on improving/overcoming them.	0,795**	0,000
6-The organizational structure is consistent with the objectives and strategies of the company.	0,843**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

The table shows that all statements are true which means that the correlation coefficient with the dimension to which it belongs is at the significance level of 0.01.

Table number (04): Internal consistency of the third paragraph in Section two: the Social dimension and the performance level of the company

Statements	Correlation coefficient	Probability value
1- The company contributes to improving the living standards of employees (social control)	0,810**	0,000
2- The company achieves an acceptable level of salaries and wages	0,754**	0,000
3- The company attracts the human skills available in the	0,753**	0,000

company's vicinity and works on their training, knowledge development by investing in them.		
4- The company has a good reputation and constantly works on improving its image	0,635**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

From the table above, we note that Pearson's correlation coefficient ranges from 0,635 to 0,810 which indicates a moderate to strong correlation, where Statement No. 4 (The company has a good reputation and constantly works on improving its image) hits the lowest correlation value of 0,635. This suggests an average correlation with the whole statement. Nonetheless, statement No. 1 (The company contributes to improving the living standards of employees (social control)) reached the highest correlation coefficient of 0,810, which shows a strong correlation with the whole. Besides, we note that the probability value, for all the statements, is equal to 0 which means that the statements are statistically significant at a significant level of 0. 01. We can deduce that all the statements are true.

Table number (05): Internal consistency of the fourth paragraph in Section two: Environmental dimension and the performance level of the company

Statements	Correlation coefficient	Probability value
1- The company gives great importance to workplace safety and industrial security	0,651**	0,000
2- The company uses a mechanism for solid waste management within the company	0,658**	0,000
3- The company takes measures to preserve and protect the environment (reducing pollution, reducing gas emissions, reducing waste production)	0 ,709**	0,000
4- The company has developed a special environmental management system according to	0,254	0,123

ISO 9001		
5- The company selects the best alternatives with the least negative environmental effects as well as the means of mitigating the negative impact.	0,679**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

Data show that Pearson's correlation coefficient ranges from 0,254 to 0,709. This indicates a weak to moderate correlation where Statement No. 4 (The company has developed a special environmental management system according to ISO 9001) hit the lowest correlation value of 0,254 which demonstrates that there is no correlation with the whole statement, i.e. that this question is not a part of the axis, while Statement No. 3 (The company takes measures to preserve and protect the environment (reducing pollution, reducing gas emissions, reducing waste production)) reached the largest correlation value, which was estimated at 0,709, indicating a strong correlation with the whole statement.

a.3. Validity of the internal consistency of the statements in Section Three

Table number (06): Internal consistency of the statements of Section Three: Strategic audit application Level

Statements	Correlation coefficient	Probability value
1- The company has an audit department or committee	0,778**	0,000
2- The company organizes and participates in seminars and forums about auditing.	0,791**	0,000
3- The auditor conducts meetings with the concerned individuals before and after the end of the audit to discuss objectives and results.	0,847**	0,000
4- The auditor uses the audit methodology in collecting and analyzing information, measurement criteria (references,	0,852**	0,000

indicators and ratios) to identify strengths, weaknesses, opportunities, threats and imbalances and makes recommendations in the final report.		
5- The auditor audits the strategic alternatives available to the company	0,847**	0,000
6- The auditor checks the consistency between the objectives of the company and those of the various operations.	0,826**	0,000
7- The auditor checks the various stages of the development of its strategic plan	0,820**	0,000
8- The Auditor checks the appropriateness of the objectives to exploit the opportunities and face difficulties.	0,878**	0,000
9- The Auditor verifies the appropriate organizational structure for the implementation of its strategy	0,841**	0,000
10- The auditor checks the identification and assignment of tasks to the employees in charge of these tasks.	0,838**	0,000
11-The auditor verifies the prioritization of the plan so as not to deviate from its course.	0,826**	0,000
12- The auditor checks the company's flexibility in facing risks and changes.	0,875**	0,000
13- The auditor verifies the exploitation of strengths and the reduction of weaknesses.	0,930**	0,000
14-The auditor examines the adequacy of the resources and capabilities used in the	0,887**	0,000

implementation of the strategic plan.		
15- The Auditor audits the efficiency and ability of managers to implement the strategic plan.	0,779**	0,000
16- Strategic audit is based on the success of strategic management at the different stages.	0,718**	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

As shown in table 06, Pearson's correlation coefficient ranges between 0,718 and 0,930 which demonstrates a moderate to strong correlation where Statement No. 16 (Strategic audit is based on the success of strategic management at the different stages) reaches the lowest correlation value of 0.718. This clearly shows an average correlation with the sum total of the statement. On the other hand, Statement No. 13 (The auditor verifies the exploitation of strengths and the reduction of weaknesses) reached the highest correlation value of 0.930 indicating a strong direct correlation with the whole paragraph. We also note that the probability value, for each statement, is equal to 0 which means that the statements are statistically significant at 0.01 level. This demonstrates the reliability and validity of the statements.

V.4.2. Stability Test

Different measurement tools were used, namely, the Cronbach Alpha test, Interscale Correlation, Spearman-Brown formula, and Guttman coefficient, to determine the internal consistency of all study questions, and to measure the reliability of study results.

The stability coefficient considers values ranging from zero to one, if there is no stability in the data collected, the value of the coefficient is equal to zero, and conversely, if there is complete stability in the data, the value of the coefficient is equal to one. Thus, any increase in the value of the Cronbach-Alpha coefficient means a systematic increase in the reliability of the data. This facilitates the reflection of the results to the studied population where the stability rate is $\alpha = 0.821$. The lowest value is $\alpha = 0.739$ while the highest value is $\alpha = 0.960$. It can be considered a high percentage because it exceeds the statistically accepted percentage of 0.60, which indicates that the respondents understand most of the questions of the survey in the same way as intended by the researcher. Besides, we note that the

statements of the questionnaire are consistent and coherent as illustrated in the following table:

Table number (07): The internal consistency of Cronbach's Alpha, interscale correlation, and the Spearman-Brown formula

Variables	Spearman-Brown formula	Interscale Correlation	Cronbach Alpha	Guttman Coefficient
Reality of strategic management	0,741	0,589	0,911	0,739
Performance level	0,908	0,831	0,953	0,898
Strategic audit	0,960	0,922	0,940	0,959

Source: Prepared by the researcher based on the questionnaire data and SPSS output

V.5. Validity and Reliability of the questionnaire

The reliability of the questionnaire was tested using Cronbach's Alpha Reliability Coefficient in SPSS IBM 23. As far as the validity of the questionnaire is concerned, it means a clear presentation of the sample which means that the answers collected from the studied group provide us with the answers for which the questions were elaborated.

The use of Cronbach's Alpha Test facilitates the measurement of the statistical tool for data collection (the questionnaire). It also confirms the stability of the questionnaire and the reliability of the data collected by the researcher. It is worthy to note that the reliability value recommended by Cronbach in 1970 and Tonali in 1976 was 70%, but in 2000 there was a consensus among researchers and specialists that a value of 60% to 50% is accepted in most research.

Table number (08): Cronbach's Alpha Reliability Test

Tested variables	Cronbach's Alpha coefficient	Stability of the questionnaire
Section one	0.91	0.95
Section two	0.96	0.98

Section three	0.97	0.98
Overall Reliability of the test	0.98	0.99

Source: Prepared by the researcher based on the questionnaire data and SPSS output

We note that the value of the General Reliability coefficient of the questionnaire is equal to 0.98, which is fairly high. This indicates that the questionnaire is highly consistent. That is, if the questionnaire is redistributed to another sample from the same population and the same size as the first sample, the results will be close by 98%. In addition, the questionnaire is reliable at 99%, which means that the sample is representative of the population.

V.6. Study the correlation between the different sections

6.1. Study of the correlation between the reality of strategic management in the company and its level of performance

Statistical Hypothesis Testing:

Null Hypothesis H0: There is no linear relationship between the strategic management reality of the company and its performance level at a significance level of 5%.

Alternative Hypothesis H1: There is a linear relationship between the reality of strategic management in the company and its level of performance at a significance level of 5%

The test was conducted at a significance level of 0.05 and the results are as follows:

Table number (09): Pearson's test results for the variables of the company's strategic management reality and its level of performance

Variables	Number of respondents	Significance	Test value
The reality of strategic management in the company and its and the level of performance.	38	0.000	0.845

Source: Prepared by the researcher based on the questionnaire data and SPSS output

We note that the correlation coefficient between the two variables is positive and equals 0,845, which means that there is a strong correlation

between the two variables. We also notice that the level of correlation is equal to 0.000, which is less than 0.05. this shows that the moral significance is very high which drive us to reject the null hypothesis and accept the alternative hypothesis which states that there is a linear relationship between the reality of strategic management in the company and its level of performance at a significance level of 5%.

This result indicates that whenever the variable of the reality of strategic management in the company changes by one unit, the performance of the company changes accordingly by approximately 0.85.

6.2. Study of the relationship between strategic audit and the reality of strategic management in the company

Statistical Hypothesis Testing:

Null Hypothesis H0: There is no linear relationship between the strategic audit and strategic management in the company at a significance level of 5%.

Alternative Hypothesis H1: There is a linear relationship between the strategic audit and strategic management in the company at a significance level of 5%.

The test was conducted at a significance level of 0.05 and the results are as follows:

Table number(10): Pearson's test results for the variables of strategic audit and the reality of strategic management in the company

Variables	Number of respondents	Significance	Test value
Strategic audit and the reality of strategic management in company.	38	0.000	0.710

Source: Prepared by the researcher based on the questionnaire data and SPSS output

We note that the correlation coefficient between the two correlation variables is positive and equals 0.710, which indicates that there is a very strong correlation between the two variables. We have notice that the level of correlation is equal to 0.000, which is less than 0.05. This shows that the moral significance is very high which propel us to reject the null hypothesis and accept the alternative hypothesis which states that there is a linear relationship between Strategic audit and Strategic management at the company at a significance level of 5%.

This result indicates that whenever the variable of the reality of strategic management in the company changes by one unit, the performance of the company changes accordingly by approximately 0.7.

6.3. Study of the relationship between strategic audit and the company's performance level

Statistical Hypothesis Testing:

Null Hypothesis H0: There is no linear relationship between strategic audit and the performance level of the company at a significance level of 5%.

Alternative Hypothesis H1: There is a linear relationship between strategic audit and the performance level of the company at a significance level of 5%.

The test was conducted at a significance level of 0.05 and the results are as follows:

Table number (11): Pearson's test results for the variables of strategic audit and the performance level of the company

Variables	Number of respondents	Significance	Test value
Strategic audit and the company's performance level	38	0.000	0.759

Source: Prepared by the researcher based on the questionnaire data and SPSS output

We note that the correlation coefficient between the two correlation variables is positive and equals 0.759, which indicates that there is a very strong correlation between the two variables. We also notice that the level of correlation is equal to 0.000, which is less than 0.05. This shows that the moral significance is very high which urge us to reject the null hypothesis and accept the alternative hypothesis which states that there is a linear relationship between Strategic audit and the performance level of the company at a significance level of 5%.

This result indicates that whenever the variable of strategic audit changes by one unit, the performance of the company changes accordingly by approximately 0.76.

V.7. Analysis by coefficient of determination (quality of the model)

The coefficient of model quality is calculated by squaring the correlation coefficient. The coefficient of determination measures how well the statistical model is by determining the extent of variance in the dependent variable that can be explained by the independent variable and the absence of random factors in this model

Table number(12): Quality coefficient or determination coefficient

Tested variables	Correlation coefficient	Determination coefficient
*Reality of the company's strategic management *Level of performance	0.845	0.71
*Reality of the company's strategic management *Strategic audit	0.710	0.50
*Strategic Audit *Level of company's performance	0.759	0.57

Source: Prepared by the researcher based on the questionnaire data and SPSS output

The table above shows that the independent variable explains the dependent variable in the correlation between the two variables: the reality of strategic management in the company and its level of performance at 71%. The remaining 29% refer to the random factors which proves the good quality of the model.

It also indicates that the independent variable explains the dependent variable in the correlation of the two variables: strategic audit and the reality of strategic management in the company with 50%. The remaining 50% being random factors demonstrate the average quality of the model. Furthermore, the independent variable explains the dependent variable in the correlation of the two variables - strategic audit and the company's performance level by 57%. The remaining 43% are considered random factors which show the average quality of the model.

V.8. Hypothesis testing using a Simple Linear Regression Test

Table number(13): Results of simple linear regression analysis of strategic audit variables and level of performance improvement

Model	Correlation coefficient	Coefficient of Determination	R squared modified R^2	Standard error of estimate	T Value	F Value	Significance level

Indep endent Varia ble	Depen dent variab le	0,759	0,576	0,564	10,6 00	6,990 signi fican t at 0,000	48,86 2 signi fican t at 0,000	0,000
Strate gic audit	perfor mance							

Source: Prepared by the researcher based on the questionnaire data and SPSS output

As shown in table 13, the F value for the regression equation is 48,862 and is significant at the level of significance 0.00, indicating the existence of statistical significance for the simple linear regression model that reconcile the performance dependent variable with independent variable Strategic audit at the level of significance 0.00. We also find that the significance of the correlation coefficient is 0.759 and when squared it becomes equal to 0.57, that is, the model explains 56% of the total variance of the dependent variable while the remaining are 44%.

To determine the degree of contribution of the independent variable strategic audit in the performance dependent variable, the standardized beta coefficients were calculated as shown in the table below:

Table number (14): beta coefficients for the contribution of the independent variable Strategic audit in the dependent variable Performance

Independe nt Variable	Dependent Variable	Unstandardized coefficients		Standardiz ed coefficients	Significan ce Level
		Beta coefficie nt	Standar d Error	Beta coefficient	
Strategic Audit	Performan ce	1,006	0,14	0,75	0,000

Source: Prepared by the researcher based on the questionnaire data and SPSS output

The table demonstrates that the statistical function value is 0.000, which is smaller than 0.05, which means that the null hypothesis is rejected and the alternative hypothesis which assumes that there is a liner relationship between the strategic audit and the level of performance of the institution at the level of significance 5%. is accepted.

V.9. Discussion and Interpretation of findings

The findings revealed that there is a partial application of strategic management in the company. Besides, the results demonstrated the existence of a significant linear relationship between strategic audit and the overall performance. They also showed that Strategic audit is applied in the subsidiary of Mascara, but it has not reached an optimum level yet.

The majority of studies addressed strategic audit in assessing and evaluating performance as in the study of Hassan (2016). Thus, we tried to change the variables by focusing on the reality of applying strategic management in companies and their level of performance, linking the reality of strategic management in the institution with strategic audit along strategic audit with performance. Even the research of Benyamina (2020) linked the variable of the application of strategic audit to business performance.

Through the theoretical framework and the review of literature, we have tried to address the role and main goals of strategic audit in detecting deviations in the implementation of plans, and investigating the factors that lie behind their occurrence in order to find appropriate solutions. What is important in the process of auditing is to improve performance, not sufficiency; to detect errors or defects. Strategic audit in general is one of the most important requirements of strategic management.

The findings also revealed that strategic audit is an effective way of evaluating the strategic performance of the company under study because it provides an integrated assessment of the organization's strategic position by looking for answers to the many questions that concern all aspects of strategic management. Such answers revolve around information and data that help managers identify and address problems in a timely manner. We also found, through this study, that strategic audit is a modern type of auditing that became crucial in light of the rapid changes affecting the internal and external business environment. Strategic audit helps covering the lack in the other types of auditing because it not only gives a broad and complete overview of the company but also provides a comprehensive assessment of its strategic position by covering the various aspects of strategic management.

Conclusion:

Companies, nowadays, are witnessing dramatic and rapid environmental changes. The environment is more likely described as a turbulent one, so it is important for any company/ institution to adopt a strategic management that enables it to achieve the highest degree of environmental balance and adaptation.

This study also reviewed the concept of strategic audit and its effective role in building and directing a successful strategic management

with a systematic approach aimed at improving the overall performance of the company by diagnosing its strengths and weaknesses. Therefore, the most important theoretical and practical conclusions are drawn as follows:

- Strategic management is a creative, rational and analytical process; it is a continuous dynamic process that seeks to achieve the company's mission by efficiently managing and directing available resources and boost its ability to face the challenges of the changing business environment like threats, opportunities and risks so that it can achieve a better future from a fundamental fulcrum in the present.
- Strategic audit is one of the most important diagnostic mechanisms for problems and obstacles hindering the company from achieving its strategic plans.
- Strategic audit enables monitoring the implementation of the strategy and correcting any error.
- Strategic audit always strives to develop the surveillance system and make the necessary adjustments to keep up with developments taking place within the company's environment in order to face risks.

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