

The role of internal control in reducing reputational risk and its implications for achieving financial sustainability

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Abstract

This research aims to determine the reputational risks and the role of internal control in reducing them, and its impact on achieving financial sustainability. The research problem was embodied in the extent to which internal control contributes to reducing reputational risk, providing customers with electric power and sick services, its impact on achieving financial sustainability by paying subscribers the wages of energy supplied by the South Electricity Distribution Company, Al-Muthanna Branch. The research reached a number of conclusions, the most important of an inverse relationship between the (reputation) variable represented by customer satisfaction and the (financial sustainability) variable. The higher the dissatisfaction rate, the lower the financial sustainability, while the most important recommendations were the need to activate the role of internal control, to assist management in making rational decisions, which helps her to achieve the satisfaction of the types of subscribers, the results were unfavorable and require a large amount of adjustments.

Keywords: 1. internal control, 2. reputational risk, 3. financial sustainability, 4. South Electricity Distribution Company, 5. Al-Muthanna Branch.

Introduction

Economic units operating in various sectors face many risks, which has become obstructing its activities, its complexity, its multiplicity of types, and the difficulty of responding to it, this made economic units search for new mechanisms and tools, help it reduce these risks for the purpose of minimizing its damage, controlled by a clear scientific method, it was based on a set of main steps represented in identifying these risks, knowing the degree of its impact on the objectives of the unit, assess and analyze those risks, for the purpose of providing the economic unit with information, that helps them to walk in the right ways to reduce and confront them, it was one of the factors behind the rapid development of risk reduction, it was the high level of instability in the economic environment, in which those units operate, and of those risks (reputational risks).

Over the past decades, the reputation of economic units has gained increasing importance by managers and academics, this reputation was based on expectations about the unit's ability to meet the interests of its stakeholders, such as customers, employees and suppliers, which called

for the need to activate the role of internal control, in order to closely monitor the reputation level of the economic unit and the potential reputational risks, reputational events can significantly and negatively affect the behavior of stakeholders, which in turn affects the financial performance. Many managers believe that the unit's reputation is one of the most important intangible assets owned by the unit, empirical evidence has shown that a good reputation facilitates the cooperation of stakeholders with economic units, it was a source of competitive advantage, reflected in achieving financial sustainability, accordingly, the research came to prove the possibility of the effect of activating the role of internal control in reducing reputational risks and its reflection on achieving financial sustainability.

To cover the topic, the research included four topics: The first topic dealt with the research methodology. The second topic is the theoretical aspect that focuses on the concept of reputation risk, as well as internal control and financial sustainability, as for the third topic, the practical side. The fourth topic: conclusions and recommendations.

Research Methodology

First: The research problem:

The General Company for South Electricity Distribution mostly suffers from some risks that it may be exposed to in the labor market, including (reputation) risks, and this type of risk will affect the social, environmental and economic aspects of the surrounding environment, which in turn will be reflected in the financial sustainability of the company itself and on sustainable development. National. Thus, the study problem can be formulated as follows:

What extent does internal control contribute to reducing reputational risks and providing customers with electric power and satisfactory services, and its impact on achieving financial sustainability?

Second: Research objectives:

1. Clarify the modern frameworks of internal control and their role in reducing reputational risks and the ways to help reduce them or reduce their effects.
2. Develop indicators to calculate the reputational risk ratio and identify weaknesses in order to be addressed by the management.
3. Proposing a model for auditing the performance of the dimensions of sustainable development, especially the economic dimension, and its application to the South Electricity Distribution Company, Al-Muthanna Branch.

Third: The research importance:

The importance of this research stems from the fact that it is one of the first researches that sheds light on reputational risks without the previously mentioned types, attempting to link it to internal control that includes the entire economic unit and facing this type of risk, by increasing the effectiveness and efficiency of the various operations within the economic unit and striving towards achieving financial sustainability, its application in an important sector, which is the energy sector, by choosing one of its units, which is the General Company for the Distribution of South Electricity.

Fourth: Research hypothesis:

In light of the previous presentation of the research, the following main hypothesis can be put forward:

Internal control affects sustainable development through its effectiveness in reducing reputational risks.

Fifth: Research Methodology:

The descriptive analytical approach was relied upon to determine the research problem as well as to build the scientific framework for the research problem and its objectives by relying on accounting studies and scientific publications published by specialized professional organizations related to the subject of the research, and the inductive approach to study and clarify the effectiveness of the role of internal control in facing reputational risks and its impact in achieving financial sustainability , while the deductive approach was used to measure the financial sustainability performance of economic units.

Sixth: Research Variables:

The search variables were as follows:

- A. The independent variable: internal control and its role in facing risks.
- B. Dependent variable: achieving sustainability in the study sample company.
- C. The mediating variable: the five risks (commitment, reputation, operations and information technology, financial risks, service marketing risks).

Seventh: Research Limits:

- 1. Spatial boundaries: represented by the field aspect, which included an applied study in the General Company for the Distribution of South Electricity (Al-Muthanna Governorate Branch).
- 2. Temporal limits: The study period was chosen from (2014-2020) AD, due to the extrapolation of cases that the country went through, as well as the inclusion of the period in the most number of versions of the Federal Financial Supervisory Board reports.
- 3. Objective (scientific) limits:
Use of modern versions of internal control frameworks, including the COSO framework.

Eighth: Society and research sample:

The study population is represented by the South Electricity Distribution Company in the Iraqi environment. As for the study sample, it was represented by the electricity distribution company branch in Muthanna, and the selection of the sample came as a result of the importance of this vital activity and the shortcomings in supplying energy to customers as a result of the risks facing the study sample company and its lack of measuring the performance of financial sustainability.

The theoretical side

1. Reputational risk:

Over the past decades, the reputation of economic units has gained increasing importance by managers and academics, and this reputation was based on expectations about the ability of the unit to meet the interests of stakeholders such as customers, employees and suppliers. Many managers see the reputation of the unit as one of the most important intangible assets they own. Empirical evidence has shown that good reputation facilitates stakeholder collaboration with economic units. Good reputation is a source of sustainable competitive advantages for the unit (Makariuset al., 2017: 12).

The literature includes many definitions of the reputation of the economic unit, including (Lee & Dai), as they see that it stems from the conceptual perception of the reputation of the economic unit, that is, it is the general level of support by stakeholders (Lange et al., 2011:37), while Fombrun sees the reputation of an economic unit as the collective representation of the unit's past actions and future prospects that describe how major resource providers interpret the unit's initiatives and assess their ability to deliver valuable results (Fombrun, 2002:9), and

Merriam Webster defined reputation as the overall or personal quality as people see it. or judged in general. as defined by Peter & Grahae. The reputation of the economic unit as (a perceptual representation of the unit's past actions and future prospects). The European Banking Supervisors Committee defined reputational risk as the current or expected risks to profits and capital arising from the opposite perception of the image of the unit on the part of clients, shareholders, investors and other parties (Cornejo *et al.*, 2019: 4).

Reputational risk results from negative public opinion that influences and results in significant losses, for clients or funds, as it includes the actions practiced by the unit's management or employees, which were, reflects a negative image of its performance and its relationships with clients and other parties, and it also results in

On promoting negative rumors about the activities of the economic unit, and in general, reputational risks are a natural result of the unit's failure to reduce one or all other types of risks it faces, and may also arise in the event of the inefficiency of the unit's systems or products, causing widespread negative reactions, whether Because of the internal or external causes that are a tool to extract the confidence of customers in the integrity of the operations of the economic unit, and reputational risks arise in the event that services are not provided to customers according to expectations or they are not given sufficient data on the use of the product or steps to solve problems (Al-Taher, 2012: 31).

Reputation is the soul of any business, as there is no business without it, and many internal and external factors may lead to the destruction of the reputation of the economic unit, and these factors are called risks. Professionals were debating whether reputation risk (in itself), was a risk, or that there is a reputational risk, in other words, and more precisely, whether the reputational risk is a problem in itself or just a result of other risks, and accordingly opinions were divided into two parts, the first of which was some risk managers believe that reputation risk is a stand-alone risk (a self-contained category) that can be reduced and measured. A proponent of this view is Greg Shields, a partner at Mitchell Sandham Insurance Brokers in Toronto, who writes on his blog, "Reputational damage is a very real secondary risk to every underlying risk, it can also be a direct loss and without a major cause of risk. Risks should have their own unique policies, procedures, and measures, as well as their own solutions. This was represented by crisis management plans, specialist plans, internal communication and supervision plans, maintaining security for the reputational risk component of each department, and participating in reputation planning at the executive level (including creation, maintenance and control), as for the other department, it does not believe that reputational risk is independent in itself, among them Dr. Jean-Paul Louisot, Professor of Risk Management at the Sorbonne University, which says (there is no such thing as reputational risk, there is only reputational risk – and also adds that the term reputation risk is appropriate for all kinds of risks that can affect reputation, and the cause may be legal, non-compliance, data security error, or unexpected warning regarding profit or unethical behavior by employees or the board of directors). There was no such thing as reputation risk, but rather all risks may have an impact on the reputation of the unit (Bibi, 2011: 1).

The researcher agrees with the opinion that supports that reputation risk is an independent risk in itself, because this type of risk affects the market share of the economic unit, which results in the loss of customers and the lack of customer satisfaction, which causes reluctance to purchase the products of that unit or refrain from paying the fees incurred. on services provided by the service sector.

Insurance companies have defined reputation risk as "the risk of potential loss of a particular economic unit through the deterioration of its reputation or position due to the negative perception of the image of the undertaking between customers, counterparties, shareholders

and regulatory authorities, and it can be considered as a separate risk less than a risk resulting from the general behavior of the unit ". (Ceipos, 2008: 42).

The importance of reputation risk stems from many motives and developments that make it more important, especially after the emergence of social media, as news circulates rapidly, allowing stakeholders to disseminate information in an inaccurate manner and interact with that information dynamically with each other (Aula, 2010: 43). The importance of reputational risks also emerges from all the risks faced by the economic unit, such as (financial, operational, environmental, commercial, etc.) When risks cause a crisis for the economic unit, when that unit does not meet the interests of all stakeholders and customers and its institutional reputation may be eroded (Eccles, *et al.* 2007: 16).

Reputational risk arises from the gap between stakeholders' expectations of how the unit will behave and its actual behaviour, and most of the risk comes from unbalanced and unsustainable crises in economic units. For example, excessive operational risk by Merck (by releasing an insufficiently tested drug) and by Exxon Valdez and BP (through negligence in building platforms and pipelines without following established procedures and standards) as well as excessive ethical risks from Wal-Mart (sale of manufactured products through child labor) and Volkswagen (by tampering with diesel engines for their cars manufactured to meet emission standards) took a toll on some stakeholders and immediately damaged the reputation of these economic units, and reputational crises show that its damage to the economic unit is difficult to recover from, and in many cases that unit never fully regains its reputation (CMA Management, 2007).

The researcher believes that the reputation is preserved when the economic unit is able to meet or exceed the expectations of customers and all their perceptions, so the reputation of the company depends on the ability to meet those interests, which requires creating value for the unit through the use of a balanced method to achieve the interests of each stakeholder and according to the ability of the unit Economic.

2. The role of internal control in reducing reputational risk:

It was necessary to closely monitor the level of the reputation of the economic unit and the potential reputational risks, since events that damage the reputation can significantly and negatively affect the behavior of stakeholders, reflected on the financial performance, and the reduction of reputational risks and other risks must create value for the economic unit by achieving The desires of stakeholders, which achieves a positive behavior for them, which in turn leads to an increase in cash flows, and also causes a decrease in risks and it is reflected in the creation of that value (Gatzert, 2015: 33).

The ERM system helps reduce the possibility of loss of reputation or reputational risk, because it maintains all risks in all joints of the economic unit within balanced levels of risk, as well as reducing the possibility that unit risks will lead to the creation of a crisis and also seeks to reduce the gap between the expectations of stakeholders and the performance of the unit. Therefore, ERM enhances stakeholder fulfillment of expectations and reputation of an economic unit specifically and the Committee of Sponsoring Organizations of the Treadway Committee (COSO, 2004) defined ERM as a process influenced by the unit's board of directors, management, and other personnel applied in developing strategy and across the business unit, designed to identify events potential that may affect the unit to be within its risk tolerance to provide reasonable assurance as to the achievement of the unit's objectives (Cornejo *at al.*, 2019: 6).

This process includes identifying the different risks to which the unit is exposed, as the risks must be evaluated and prioritized based on the probability that each of those specific risks will cause damage, as well as on the potential size of the damage caused by this risk, and using this information the economic unit can develop a system Effective oversight through which a risk

map is drawn, which is a document that systematically organizes all the risks faced by the unit and develops mechanisms such as protocols, policies and action plans, to respond to various risks in the ways that the unit deems acceptable, as well as the economic unit must constantly monitor the system to ensure the efficiency of the process and update the system With new strategies and environments. Economic units design those systems according to industry standards, unit strategy, and consistent communication in such a way that the system forces the unit to act as stakeholders expect. These systems can be used to reduce reputational risk, thus reducing the likelihood of economic units facing crises (Bundy *at al.*, 2017: 43).

This system requires internal auditors to ensure their sufficient level of participation in order to assist the unit in dealing with these risks appropriately, as internal auditors can achieve this level of participation in several ways, including (Bibi, 2011: 6):

- Identification of the causes of risks in all departments of the unit, which include the supervisory roles and reporting of reputational risks and the presence of listening to the committee responsible for risks in order to discuss with the management of the economic unit about those risks, including reputational risks.
- Focus on constantly and regularly discussing reputational risks as part of the risks that threaten the unit.
- Focus on activities and areas that represent threats to the emergence of reputational risks and identify them, as they are not managed properly.
- Ensuring that economic units have an effective monitoring system that can reduce reputational risks.
- Interest in monitoring social networking sites to track the general mood about the company's reputation.
- Keeping abreast of changes in reputational risk, for example, environmental responsibility is a relatively new risk that affects the reputation of economic units.
- Updating and adjusting risk assessments throughout the year as a result of changing circumstances and the continuous emergence of new reputational risks.

There were still other minor risks related to reputation (such as not achieving customer satisfaction, slow response, poor product or service quality...etc), and these risks increase due to economic downturn, fraud, theft and quality reduction, as well as the economic downturn led to an increase in many There is a reputational risk because economic units may not be able to recover faster than the financial effects.

Reputational risk can be measured in the study sample by conducting personal interviews with the beneficiaries of the services of the economic unit (the study sample) and making a survey form and analyzing the results statistically.

3. Achieving sustainable development while facing reputational risks:

The issue of development has occupied the attention of many thinkers and specialists in various scientific and professional disciplines because of the negative effects resulting from the escalating development, especially in the industrial field, which greatly affected human health and life and the lives of other living organisms, as a result of the massive pollution in soil, air and water.

During this stage, the world realized more than before that the environmental and social problems came as an inevitable result of the methods adopted by the economic units to achieve economic development, which resulted in a number of effects, including greenhouse gases and emissions, pollution of soil, air and water, excessive exploitation of soil, turbulent and excessive growth of cities, and depletion natural resources, etc. All this has caused different problems for the global community, which translate into different risk factors (Hassan, 2016:38). This created a need that requires thinking about a new type of development that takes into account the

conditions for preserving the environment and economic and social stability in a balanced framework, was called sustainable development.

The concept of sustainable development and energy efficiency has become one of the main concerns of many governments, as interest in it has increased in order to provide a sustainable environment aimed at upgrading society and moving it from the current situation to a higher and better situation, as it is a process of continuous development and improvement, whether comprehensive or partial and at economic levels. It is social, cultural, political and administrative, and not just economic achievements, which are necessary and important for every human society in order to achieve its goals, foremost of which is achieving a standard of living or a better life. And development is a comprehensive process that takes root in various aspects of life and moves society to a new stage of progress, and it is an essential element for stability and human and social development. There were more than sixty definitions of sustainable development for this type of development, but it is remarkable that it was not used correctly in all cases. It was defined by the World Commission on Environment and Development headed by Gro Harlem Brundtland, former Prime Minister of Norway, which issued its report entitled (Our common future) as "that development that meets the needs of the present without compromising the ability of future generations to meet their needs" (Ghella, 2011: 85).

It was completed at the Earth Summit held in Rio de Janeiro in 1992, which defined sustainable development as (the necessity of realizing the right to development where the developmental and environmental needs of present and future generations are equally fulfilled) that is, the development of the land, cities, communities and businesses, provided that meeting the needs of the present without compromising the ability of future generations, managing and protecting natural capital and directing technical and institutional change to serve the development of our resources and depend on economic development under environmental supervision through a social responsibility of peoples, economic units, businessmen and civil society organizations. In short, it is the regulation of the relationship between man and the biological system, using renewable energy sources, and environmental, economic and social problems can be reduced because these options are prepared to help achieve environmentally sound technology, low cost of electricity, job creation, health improvement and community development (Kumar, 2020: 2).

As the research seeks to achieve financial sustainability by activating the role of internal control in facing reputational risks by following up on providing satisfactory services to customers and meeting their requests quickly, which in turn is reflected in achieving the social dimension as well as the economic dimension by operating other sectors and providing them with a good electrical energy.

Application side

1. Measuring reputational risk in the South Electricity Distribution Company, Al-Muthanna Branch:

To measure the reputational risk, it was relied on the method of personal interviews conducted by the researcher with some directors of the company's departments, the sample of the study, and some specialists in the Quality Department in order to identify the extent of satisfaction of the types of subscribers in the South Electricity Distribution Company, Al-Muthanna Branch (residential, agricultural, commercial, government, etc.). The industrial company, on the services provided, and the first experiment to measure the satisfaction of subscribers by the company, the study sample was in 2016. The sample selected in personal interviews includes a variety of types of participants as well as on a diverse level of social, political, academic and

cultural groups, and by looking at a set of Questions put to the participants by the quality department in the company To find out the level of the subscribers' satisfaction with the services provided, we can deduce Table (1), which shows the type of questions asked to the random sample of the types of subscribers:

Table (1) Personal interview questions with the types of participants.

No.	Questions	Very good	Good	Medium	Acceptable	Weak
1	The behavior of the service-providing employees, their good behavior and their general appearance.					
2	The ability of employees to complete the service and the ability to provide full support to consumers (beneficiaries of the service)					
3	The ability of employees to complete the service as quickly as possible and to estimate the value of time in terms of (punctuality).					
4	The appropriateness of the procedures followed by the functional cadres in providing the service.					
5	Extent of the speed of the procedures adopted in the provision of services and facilities in the correct manner by the functional cadres working in the company.					
6	The extent of staff commitment in providing services to customers and meeting their requirements on the specified dates, taking into account the principle of objectivity in performance.					
7	Speed in responding and receiving complaints and customer requests via phone and e-mail by the company's cadres.					
8	Deal transparently and effectively with all complaints and suggestions of customers.					
9	Quick response to suggestions, complaints, inquiries and suggestions submitted by subscribers.					

(Source: prepared by the researcher based on actual data from the Quality Department).

The five-point Likert system was used to measure the extent of participants' satisfaction with the services provided by the study sample company, as weights were given for each of the five options (weak 45 degrees, acceptable 55 degrees, average 65 degrees, good 75 degrees, very good 85 degrees) And dividing the questions posed into three axes, each axis comprising three questions, as well as dividing the total score on the three axes by 30, 40 and 30% respectively, in order to reach results showing the extent of customer satisfaction, some indicators are used to extract that percentage for each axis, as shown below:

1. Calculating the average for each question = (the sum of the question scores in all the forms / the number of forms).In order to extract the entire degree of the axis, the following equation is used:
2. Calculating the average of the first axis = (the cumulative average of the questions axis / 3).
3. In order to extract the rate of participants' satisfaction with the services provided by the company, the study sample for the year in general, the following equation is used:

Calculating the final score = (the average of the first axis × 30% + the average of the second axis × 40% + the average of the third axis × 30%).

Table (2) shows the number of participants in the services provided by the company, the sample of the study, with whom personal interviews were conducted during the extended period (2016-2020), as the researcher was unable to obtain data for the years (2014-2015) because the Quality Department did not adopt such a measure for those two years:

Table (2) Distribution of sample members and customer satisfaction rate for the time period (2016, 2020)

No.	Years	Preparing the selected sample (individuals)
1	2016	150
2	2017	160
3	2018	110
4	2019	200
5	2020	150

(Source: prepared by the researcher based on the data of the Quality Department).

Table (3) shows the results of the statistical analysis for each of the axes of the questionnaire provided to the participants through personal interviews conducted by the researcher with the directors of the relevant departments and the available data from the quality department in the company. Sample of the study:

Table (3) Percentage according to the results of the questionnaire axes for the period (2016-2020) to measure the satisfaction of customers subscribed to the South Electricity Company, Al-Muthanna Branch.

No.	Years	The first axis degree employees performance (30%)	The second axis degree Procedures (40%)	The third axis degree Responsiveness (30%)	Satisfaction rate customers	Estimation
1	2016	71.84%	67.94%	61.95%	67.30%	Medium
2	2017	70.98%	67.89%	62.86%	71.80%	Good
3	2018	72.76%	68.55%	61.12%	61.90%	Medium
4	2019	70.62%	67.08%	61.58%	61.60%	Medium
5	2020	68.60%	68.26%	57.60%	65.90%	Medium

(Source: Prepared by the researcher based on actual data).

Table (3) shows us that the percentage of the third axis related to the speed of response to the requests of subscribers who benefit from the company's services is less than the other axes, including the first axis related to the performance of workers whose percentage is equal to the percentage of the third axis, and this indicates the weak response by workers in the maintenance departments Distributed in the center, districts, and sub-districts of the governorate according to the geographical area served by the company, the study sample and response to the requests of participants of various types, as the third axis achieved its highest percentage in 2017 with a rate of 62.86% and then regressed to record the lowest percentage of private satisfaction In response to subscribers' requests and complaints, an estimated rate of 57.6% for the other axes, as well as for the time period (2016-2020).

As the eighth and ninth questions achieved the lowest score on the level of results achieved from the statistical analysis, which indicates the weakness of the treatments taken by the study sample company for the suggestions and complaints of participants and the adoption of transparency and high effectiveness in performance, as well as the delay in the speed of response to those proposals and complaints. While the first question of the third axis had a higher level of satisfaction than the questions of the other axes, in addition to the fact that the study sample company did not take serious steps to address the low percentage of customer satisfaction and not to indicate this defect by the internal control system to inform the management and help it in making decisions that contribute to Achieving the goals of the company for which it was established.

Through Table (3) and based on the equations used in analyzing the data, it turns out that 2017 achieved the highest customer satisfaction rate estimated at 71.8%, followed by 2016 with 67.3% and then 2020 with 65.9%, while the year 2018 constituted a satisfaction rate 61.9%, while the lowest achieved percentage was estimated in 2019 61.6%. Determined by the Ministry, which was 90%.

The level of customer satisfaction and according to the types of subscribers to the service provided by the study sample company and for the period (2016-2020) can be clarified through the following figure (2):

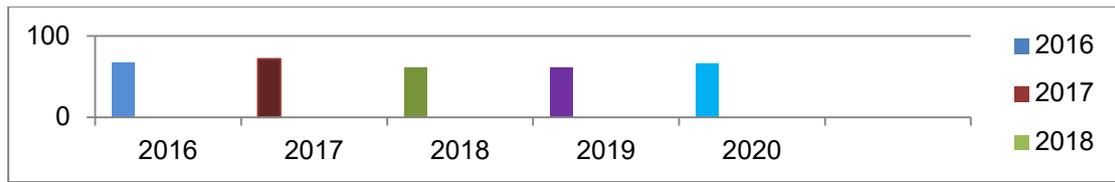


Figure (2) The graphic distribution of the level of customer satisfaction according to the types of subscribers for the period (2016-2020).

(Source: prepared by the researcher based on the data of the Quality Department).

From the above figure, it is clear that the level of customer satisfaction changes during the period (2016-2020). And in the highest degree of satisfaction, it did not exceed (72%) in the year (2017), while the scheme began to decline for the subsequent years to record low rates of customer satisfaction in 2019, without any measures taken by the relevant departments, including the Control and Internal Audit Department, to determine the causes Which led to a decrease in the percentage of satisfaction of the company's customers, which was reflected in the decision-making process by the senior management to address the low level of satisfaction of the company's customers.

The researcher believes that the senior management should activate the internal control system in a more serious manner, which contributes to identifying the causes of reputational risks by strengthening the supervisory role over the company's maintenance departments, as it achieved the lowest percentage of customer satisfaction, as well as the continuous change of reputational risk assessments and lack of stability on A defined approach characterized by repetition over several years in order to keep pace with changes that cause the continuing emergence of reputational risks.

Fifth: Measuring the performance of achieving the dimensions of financial sustainability in the South Electricity Distribution Company, Al-Muthanna Branch:

The Iraqi Federal Financial Supervision Bureau focuses on using a set of unified indicators to measure the performance of the various economic units, which do not clearly measure the dimensions of sustainability.

Therefore, the researcher will propose a set of indicators related to the economic (financial) dimension to measure the performance of the study sample company, which the researcher deduced from the information he provided in the theoretical foreigners for research, to be applied to the actual and planned data based on the weights that were arbitrated by a group of academic and professional experts, With the aim of identifying areas of weakness and strength in this performance in the South Electricity Distribution Company, Al-Muthanna Branch, as well as testing the research hypotheses, as shown in the tables below:

Table (4) Indicator for measuring the economic dimension of sustainable development.

indicators of the economic dimension	Weighted
Revenue from selling electric power to subscribers	2%
Ratio of revenue generated from total revenue	2%
The percentage of debt collection owed by subscribers	2%
The ratio of actual budget amounts to actual expenditures	2%
The percentage of expenditures from the operating budget allocations for the purchase of electric power	2%
Percentage of grants received from the parent company	1%
Percentage of annual expenditures from budget allocation	1%

Number of bypassers on the network	2%
Prepared electronic scales	1%
Percentage of energy received from the transport sector and sold	2%
Percentage of expenditures from budget allocations	2%
Planned electrical power	2%
Number of transfer stations	1%
The percentage of normal losses of electrical energy	1%
Abnormal wastage of electrical energy	1%
Number of scale readers in the company	1%
The capacity of the networks to absorb electrical energy	1%
Revenue from selling electric power to subscribers	2%

The table above shows the indicators that were used to evaluate the performance of the economic dimension to know the financial sustainability of the study sample company, as it includes a set of questions with a total weight of (25%), and the indicators have been applied as shown in Table (5):

Table (5) Measuring the financial sustainability of the study sample company for the years (2016-2020).

		Measurement results						Actual results						Planned		weight		the details		ن						
2020	2019	2018	2017	2016	2015	2014	2020	2019	2018	2017	2016	2015	2014	2020	2019	2018	2017	2016	2015	2014						
0.005469	0.012	0.00176	0.014652	0.0134609	0.011966	0.008	3.4244E+10	1.1E+10	4.87E+09	3.18E+10	4.335E+10	3.62E+10	2.138E+10	1.2523E+11	1.86E+10	5.5E+10	4E+10	6E+10	6E+10	5.3E+10	0.02		Revenue from selling electric power to subscribers	1		
0.0191437	0.0188	0.008192	0.016245	0.0172528	0.017944	0.01777	3.4244E+10	1.1E+10	4.87E+09	3.18E+10	4.335E+10	3.62E+10	2.718E+10	3.5778E+10	1.19E+10	1.2E+10	4E+10	5E+10	4E+10	3.1E+10	0.02		The percentage of revenue generated from the total revenue	2		
0.014249	0.0015	0.000611	0.001806	0.0053366	0.009222	0.00358	1.1476E+11	1.2E+10	4.32E+09	1.17E+10	2.589E+10	3.12E+10	8.81E+09	1.6108E+11	1.67E+11	1.6E+11	1E+11	1E+11	7E+10	4.9E+10	0.02		The percentage of debt collection owed by subscribers	3		
0.0123076	0.0032	0.012899	0.013078	0.0280784	0.029094	صفر	1.482E+11	3.3E+10	6.6E+10	5.97E+10	8.002E+10	8.29E+10	6.794E+10	0.829.830.062	2.05E+11	1E+11	9E+10	6E+10	6E+10	صفر	0.02		The ratio of actual budget amounts to actual expenditures	4		
0	0	0	0	0	0	0	1.0769E+11	5.8E+10	5.73E+10	5.05E+10	6.133E+10	7.1E+10	3.371E+10	0	0	0	0	0	0	0	0	0.02		Percentage of grants received from the parent company	6	
0.01	0.01	0.01	0.01	0.01	0.01	0.01	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1005	1	0.01		Percentage of annual expenditures from budget allocation	7
0	0	0	0	0	0	0	12622	12498	10268	10045	10000	7598	7545	0	0	0	0	0	0	0	0	0.02		Number of bypassers on the network	8	
0.01	0.01	0	0	0	0	0	1374	550	0	0	0	0	0	1374	550	0	0	0	0	0	0	0.02		Prepared electronic scales	9	
0.0069131	0.0046	0.005333	0.006373	0.0079519	0.013608	0.01461	891344	333288	549479	716248	826213	1385517	1340107	2578724	1450947	2060676	2E+06	2E+06	2E+06	1834485	0.02		Percentage of energy received from the transport sector and sold	10		
0.02	0.02	0.02	0.02	0.02	0.02	0.02	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0.02		Percentage of expenditures from budget allocations	11	
0.0040293	0.0024	0.003553	0.004014	0.0038482	0.003879	0.00734	2578724	1450947	2060676	2247856	2078020	2036352	1834485	6400000	6000000	5800000	6E+06	5E+06	5E+06	5000000	0.01		Planned electrical power	13		
0.007	0.0064	0.006	0.005429	0.0046667	0.0056	0.0065	35	29	24	19	14	14	13	50	45	40	35	30	25	20	0.01		Number of transfer stations	14		
0.014	0.014	0.014	0.014	0.014	0.014	0.014	361021	203133	288495	314672	290923	285089	256828	257872.4	145094.7	206068	224766	207802	203635	183449	0.01		The percentage of natural losses of electrical energy	15		
0	0	0	0	0	0	0	1326359	914526	1222702	1216700	960884	650835	237550	0	0	0	0	0	0	0	0	0.01		Abnormal wastage of electrical energy	16	
0.0248	0.0044	0.005545	0.005364	0.0057	0.006444	0.00689	372	57	61	59	57	58	62	150	130	110	110	100	90	90	0.01		Number of scale readers in the company	17		
0.0085	0.0085	0.0085	0.0085	0.008	0.0075	0.007	0.85	0.85	0.85	0.85	0.8	0.75	0.7	1	1	1	1	1	1	1	0.01		The capacity of the networks to absorb electrical energy	18		
17.33%	12.71%	11.32%	13.4%	15.43%	16.4%	13.14%															0.25		The percentage of achieving the performance of the economic dimension			

Through the above table, we can show the performance level of the South Electricity Distribution Company, Al-Muthanna Branch to achieve financial sustainability, which is shown in Table (6):

Table (6) The results of measuring the financial sustainability of the study sample company and for the years (2014-2020).

Dimensions	2014	2015	2016	2017	2018	2019	2020
Economic dimension	13.14%	16.40%	15.43%	13.40%	11.32%	12.71%	17.33%

Through the above table, we find that the highest percentage achieved in measuring the financial sustainability of the study sample company was in the year 2020, as it achieved an estimated percentage 17.33%, followed by the year 2015 with a percentage of 16.14%, while the year 2016ranked third with a percentage of 15.43%, while the year 2017 achieved a percentage of 13.40%, and the year 2014 occupied an estimated percentage 13.14%, while the year 2019 recorded a percentage of 12.71, while the percentage of 11.32%. Here, we find that most of the years did not reach the threshold 18% in its best condition, and this indicates the necessity of making amendments and activating internal control.

Sixth: Proving the research hypothesis:

In this part of the current research, we review some of the methods and methods through which we can prove the hypotheses of the study on which the structure of the research was built, by discussing the results that were reached in this study, and based on the objectives of the study to be achieved, the researcher will prove the hypothesis based on for the following points:

Table (7) The results reached by the researcher through the use of the distributed questionnaire to identify the percentage of customer satisfaction, as well as measuring the financial sustainability of the study sample company and for the years (2014-2020):

Dimensions	2014	2015	2016	2017	2018	2019	2020
Customer dissatisfaction rate (subscribers)	-	-	32.7%	28.2%	38.1%	38.4%	34.1%
economic dimension	13.14%	16.40%	15.43%	13.40%	11.32%	12.71%	17.33%

Table (8) shows the correlation between the reputation variable (customer satisfaction) and the variable (financial sustainability):

Table (8) The correlation between customer satisfaction (reputation) and financial sustainability.

	VAR00001	VAR00002
VAR00001 Pearson correlation	1	-555,-
Sig.(2-tailed)		333.
N	5	5
VAR00002 Pearson correlation	-555,-	1
Sig.(2-tailed)	333.	
N	5	7

The table above shows that the value of the correlation coefficient was 0.555, and this indicates an inverse relationship between the two variables (reputation) and (financial sustainability), in addition to that this percentage indicates that the higher the percentage of customer dissatisfaction (subscriber types) in the company, the research sample, the lower the percentage Financial sustainability, while the lower this percentage, the higher the financial sustainability rate.

Conclusions and Recommendations

First: The conclusions:

1. Reputational risk is considered independent in itself, and it affects the market share of the economic unit, which results in the loss of customers or failure to pay the wages resulting from the services provided by the service sector.
2. Reputation depends on the ability to meet the desires of customers, which results in the creation of value for the unit through the use of a balanced method to achieve the interests of each stakeholder and according to the ability of the economic unit.
3. The ERM system helps reduce the possibility of losing the reputation of the unit, because it maintains all risks in all the joints of the economic unit within balanced levels.
4. There was an inverse relationship between the variable (customer dissatisfaction) and the variable (financial sustainability), the higher the percentage of dissatisfaction, the lower the financial sustainability.
5. By applying the model for examining the performance of the financial sustainability of the South Electricity Distribution Company - Muthanna Branch, the study sample for the years (2014-2020), so the performance ratio did not exceed the acceptability in its best condition.
6. Repeating the questionnaire axes distributed to the participants of all types without modifying the questions of that axis, which makes them incompatible with the surrounding environment developments.

Second: Recommendations:

1. The need to consider the results of measuring the reputational risk resulting from the questionnaire, and to take administrative decisions that help maintain the market share of the company.
2. The means and tools that help meet the largest possible number of customers' desires should be developed, in order to strive to achieve a market share for the economic unit.
3. Implementing the ERM system in the company in order to reduce reputational risks and other risks that prevent the achievement of the objectives of the economic unit.
4. The company should seriously strive to reduce the percentage of customer dissatisfaction (subscriber categories) in order to achieve financial sustainability by raising the revenues generated from the collection of consumed energy wages from customers.
5. The necessity of activating the role of internal control in order to assist the administration in making rational decisions that help it to achieve the satisfaction of the different types of participants because the results are unfavorable and require a large number of adjustments.

6. The questionnaire's axes should be changed in line with the changes that occur in the environment surrounding the company. In addition to the fact that the risks are constantly changing.

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