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Comparative analysis of company performance Using NOPAT in calculating economic value added (EVA) an empirical study on telecommunications companies listed on the Iraq stock exchange for the period (2015-2024)

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Abstract
This look at affords a comparative analysis of the overall performance of telecommunications corporations indexed at the Iraq Stock Exchange the usage of the Economic Value Added (EVA) measure over the period from 2015 to 2024. Balance sheet statistics and financial bulletins from the Central Bank of Iraq have been analyzed for each agencies: Asia cell and Zain. The outcomes confirmed that Asia cellular skilled a non-stop deterioration in economic overall performance, with EVA values ranging among -177.Five and -242.7, with the lowest cost in 2024. In assessment, Zain executed a slight development, with EVA values ranging among -186.6 and -216.Four, with a splendid improvement between 2015 and 2019. The demanding situations dealing with Asia cell are attributed to increasing working costs and susceptible call for for its services, preventing it from reaching a effective EVA. Zain's better overall performance, however, is attributed to greater effective management techniques. The take a look at recommends reevaluating company techniques to enhance financial performance, which includes fee discount and increased efficiency, with a focus on innovation. The effects suggest the need to take strategic steps to beautify the capability to create introduced value for shareholders, reflecting the significance of in-depth evaluation of the elements influencing overall performance.

Keyword: EVA, NOPAT, economic value added

Introduction
Economic Value Added (EVA) is a vital economic device used to assess a employer's monetary overall performance, reflecting its potential to generate delivered cost for shareholders. Calculating EVA is primarily based at the concept of NOPAT (Net Profit after Tax), which permits for a more correct evaluation of profitability. Telecommunications corporations in Iraq are taken into consideration a critical area, given their significance in helping the countrywide financial system and providing cutting-edge telecommunications services.

This take a look at objectives to behavior a comparative evaluation of the performance of these businesses using NOPAT as a tool for calculating EVA, focusing at the length from 2015 to 2024. This study will explore how monetary modifications and economic rules affect the operational and investment overall performance of those corporations.

The observe also goals to focus on gaps in performance and provide strategic hints for enhancing efficiency and profitability. Through this analysis, traders and stakeholders can make knowledgeable choices primarily based on accurate records about the overall performance of businesses within the telecommunications zone, contributing to enhancing monetary growth in Iraq.

Chapter One: Study Methodology
First: The Study Problem
The look at hassle relates to reading the overall performance of telecommunications corporations listed on the Iraq Stock Exchange, using NOPAT to calculate economic cost

delivered (EVA). This observe targets to evaluate the volume to which financial, financial, and administrative factors have an effect on overall performance, in addition to to measure the performance of companies' investments throughout the duration from 2015 to 2024. It additionally seeks to pick out gaps in overall performance and provide pointers for improvement.

Second: The Significance of the Study

This have a look at is of super importance for several reasons.

1. It contributes to understanding the overall performance of telecommunications groups in Iraq, a critical zone for financial growth. By the usage of NOPAT to calculate monetary price delivered (EVA), the look at affords correct analytical gear for assessing profitability and operational performance.
2. The have a look at highlights the impact of financial and political elements on employer overall performance, supporting buyers and selection-makers make informed choices.
3. The predicted consequences make a contribution to enhancing business enterprise techniques by means of identifying gaps in performance and offering pointers for enhancing performance and profitability.
4. The examiner offers a framework that can be used in destiny research, enhancing the literature on monetary overall performance analysis in emerging markets and contributing to the improvement of financial management practices in Iraq.

Third: Study Objectives

1. Evaluate the overall performance of telecommunications quarter businesses in Iraq the usage of NOPAT to calculate financial cost added (EVA) over the period from 2015 to 2024.
2. Study the impact of monetary and political factors on corporate overall performance and how they have an effect on profitability and operational performance.
3. Conduct a comparative evaluation among exceptional agencies within the area to identify gaps in overall performance and financial practices.
4. Provide sensible pointers for improving company performance and increasing shareholder cost.
5. Contribute to the literature on financial performance in emerging markets by providing a framework for performance analysis using EVA.
6. Provide accurate information to investors and stakeholders to support investment decisions based on reliable data.

Fourth: Study Hypothesis: Companies exhibit variations in their financial performance when measuring economic value added (EVA) using NOPAT, reflecting variations in the efficiency of using operational resources and achieving returns that exceed the cost of invested capital.

Fifth: Study Methodology: The researcher relied on the descriptive approach in formulating the theoretical aspect of the study. He also adopted the applied and analytical approaches in the practical aspect.

Sixth: Study community and sample

The research community was represented by the Iraq Stock Exchange, while the research sample was limited to Asia cell and Zain, two companies within the telecommunications sector.

Seventh: Time limits: The time period between 2015 and 2024 was used as the time limits for the research.

Chapter Two: The Theoretical Framework

First: Economic Value Added (EVA): Recently, pressure has increased on corporate management to increase the value of private companies within the framework of increasing and achieving wealth for shareholders. This has facilitated the development and globalization of markets, led to increased searches for opportunities to increase profits, and justified the allocation of high salaries to executive directors (Bluszcz & Kijewska, 2026:110) [3]. Traditional methods of evaluating corporate operations, which focus solely on achieving profit as a primary commercial objective, have been abandoned (Rylková, 2016:117) [12]. The accounting profit obtained at the end of the fiscal year is incapable of providing information about the value created for stakeholders, as it is limited to showing only the relationship between expenses and revenues. Therefore, in order to maximize shareholders' rights, specific tools have been developed to measure value, measuring managerial performance that links the results achieved by the company at the end of the fiscal year with the interests of shareholders. This achieves the goal of maximizing the value created for shareholders (Ion & Man, 2019:418). Al-Omush defines economic value added as the profit a company generates minus the cost of capital financing. It is similar to residual income, but adjusted based on net operating profit after tax (also called net operating profit minus the opportunity cost of invested capital) (Al-Omush, 2014:3) [1]. EVA also measures true economic profitability, has a positive relationship with shareholder value, and can be a useful tool for managing the performance of small and medium-sized enterprises (SMEs) (Subedi & Farazmand, 2020:616) [16]. EVA is also an internal management performance measure that compares net operating profit to the total cost of capital, also referred to as economic profit (Jankalová & Kurotová, 2020:6) [8]. Second: Advantages of Economic Value Added: (Mohanty & Pattnaik, 2016:63) [10], (Chunduru, 2020:33) [4], (Pramanik Sahoo, 2016:5) [13].

1. Economic value added provides greater power than other laws when calculating stock returns.
2. Economic value added helps reduce agency conflict and improves decision-making.
3. Economic value added provides greater information content that contributes to explaining stock returns.
4. Economic value added is a superior management technique to planning and control techniques and focuses on serving management.
5. Economic value added is a measurable indicator that can be used to compare companies.

Third: The Economic Value Added Calculation Scale

To calculate the economic value added for a specific period, the scale used is to deduct the cost of capital used in the operating process from the net operating profit after tax,

according to the following law: (Dewanti, 2017: 77) [5]
Economic Value Added = Net Operation Profit after Tax Cost of Capital
From the above law, calculating the economic value added includes determining both the net operating profit after deducting taxes, in addition to determining the cost of capital.

Net Operating Profit after Tax (NOPAT)
This is the remaining portion of a company's operating income after deducting the costs and expenses of the production and operating process, in addition to income tax. It expresses the true profitability of the company's assets (Zhang & Aboud, 2019: 598) [17].

Cost of Capital
The cost of capital can be defined as the rate of return expected by investors (owners and creditors) on invested capital at a given level of risk. It is related to the opportunity cost, which represents the expected rate of return on investment that investors sacrifice when choosing a particular type of activity, while simultaneously sacrificing other available possibilities (Michalak, 2016: 319) [9]. The weighted average cost of capital (WACC) can be used to measure the cost of capital. The lower the weighted average cost of capital, the higher the company's value. The weighted average cost of capital can be arrived at by finding the cost of equity, finding the cost of debt, and then multiplying the cost of debt by the complement of the tax rate (1 - the tax rate), according to the following formula (Rotela Junior *et al.*, 2019: 3) [11]. Cost of Capital = Cost of Equity + Cost of Debt * (1-Tax Rate)

Capital Asset Pricing Model
This model, symbolized by the CAPM, is the most widely used method for estimating the cost of equity. It is considered a landmark in asset pricing and provides an approximate estimate of the return on the asset price for risking capital and forgoing other types of investments (Son Turan, 2018:2) [14]. It provides a coherent framework for linking the required return on an investment to the risk of that investment and presents the relationship between risk and the expected return of a company's assets (Gelo *et al.*, 2019:80) [6]. Through this linear relationship, financial market equilibrium can be established-the model according to which the expected return of any asset or bond in an efficient market is proportional to the price at which it is traded and to the systematic risk. The greater this risk, determined by its sensitivity to changes in overall market returns (i.e., the beta coefficient), the greater the risk premium required by investments (Blanco Murillo, 2017:80) [2]. The expected return on capital assets can be determined using the following formula: (Soto Herrera & Cordeiro Perobelli, 2018:289) [15].

$$RR = \_Rf + (R\_m - R\_f)\beta$$

Where:
- Rf: Risk-free return
- Rm: Market return
- β: Beta:

Chapter Three: The Applied Aspect
This section aims to conduct a financial analysis of economic value added to verify the study's hypothesis.

Table 1: EVA, ROA, ROE values for Asia cell Company

Year	EVA	ROA	ROE
2015	-177.5	0.25	0.21
2016	-154.6	0.26	0.21
2017	-167.6	0.28	0.20
2018	-197.1	0.33	0.22
2019	-156.8	0.33	0.24
2020	-186.9	0.32	0.26
2021	-172.2	0.31	0.25
2022	-146.2	0.30	0.25
2023	-236.3	0.30	0.29
2024	-242.7	0.33	0.27

Table 2: EVA, ROA, and ROE values for Zain Company

Year	EVA	ROA	ROE
2015	-186.6	0.22	0.20
2016	-188.6	0.21	0.19
2017	-166.6	0.23	0.20
2018	-136.6	0.26	0.22
2019	-126.8	0.28	0.24
2020	-126.9	0.27	0.22
2021	-182.2	0.31	0.23
2022	-186.2	0.30	0.25
2023	-226.6	0.30	0.24
2024	-216.4	0.33	0.26

Tables (1) and (2) show that when using the Economic Value Added (EVA) measure on data extracted from the balance sheets of the sample companies, as well as data extracted from the Central Bank's Economic Bulletin, the following results are clear:

Asia cell: Negative EVA values range from -177.5 to -242.7. These results demonstrate a continuous deterioration in financial performance, reaching their lowest value (-242.7) in 2024.

Zain: Negative EVA values range from -186.6 to -216.4. Although the company also achieved negative values, its lowest value was less severe than Asia cell's (-216.4).

Asia cell: The Company experienced slight improvement between 2015 and 2019, but deteriorated significantly thereafter, indicating significant challenges in achieving profitability and generating added value.

Zain: EVA improved from -186.6 in 2015 to -126.8 in 2019, indicating improved performance. However, it sooner or later deteriorated, however the terrible values were not as extreme as those of Asia mobile.

Asia mobile: The Corporation may additionally face demanding situations along with accelerated running prices, susceptible demand for its offerings, or difficulties in managing capital. These elements result in its inability to achieve nice EVA, demonstrating its failure to create cost for shareholders.

Zain: Although it additionally suffers from negative EVA, its better performance in comparison to Asia cell can be attributed to extra effective control techniques, consisting of advanced operational performance or higher price control. This could enable it to reap a sizeable improvement in cost introduced over a given length.

Asia cell: Needs to reevaluate its financial and operational techniques. It ought to cognizance on enhancing operational efficiency and lowering fees to create delivered cost for shareholders.

Zain: Represents a version of improved overall performance no matter the challenges. It can gain from continuing to consciousness on innovation and enhancing operations to attain wonderful EVA in the future.

The comparison indicates that Zain is better placed than Asia mobile in terms of its ability to create delivered fee for shareholders, although it also suffers from poor EVA. Improving monetary and operational overall performance is essential for each companies, but Zain demonstrates a extra capacity to manage challenges and improve financial cost introduced. Although they have got generated sales, their operating fees and capital employed exceed the ones sales. Figures (1) and (2) illustrate these trends.

It is important for companies to adopt strategies to improve performance, such as reducing costs, improving operational efficiency, or exploring new markets to increase revenues. They also need to work on improving capital management. The current situation requires an in-depth analysis of both the internal and external factors affecting performance. Further studies may be useful to identify the reasons for the continued decline in EVA and develop strategic plans to address these issues.

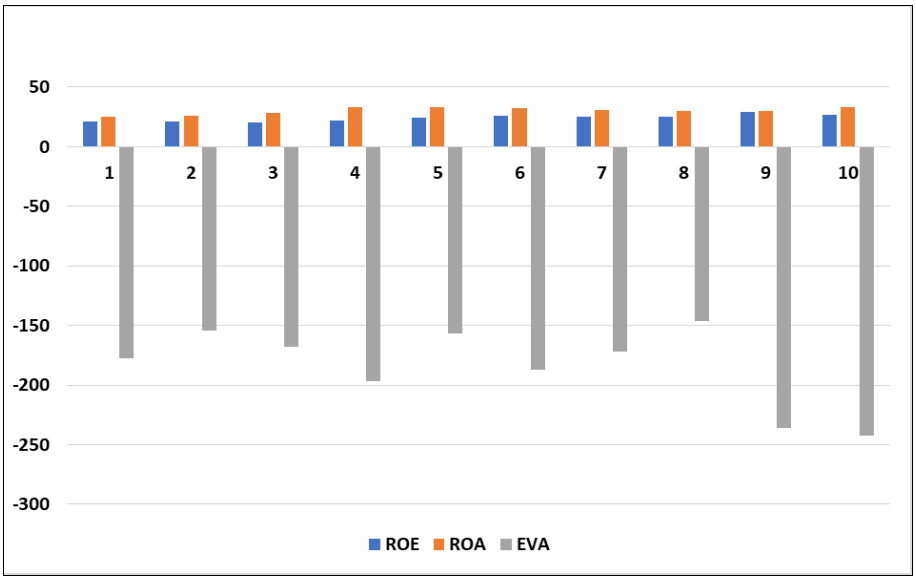

Fig 1: A graph showing the values of EVA, ROA, and ROE for Asia cell Company.

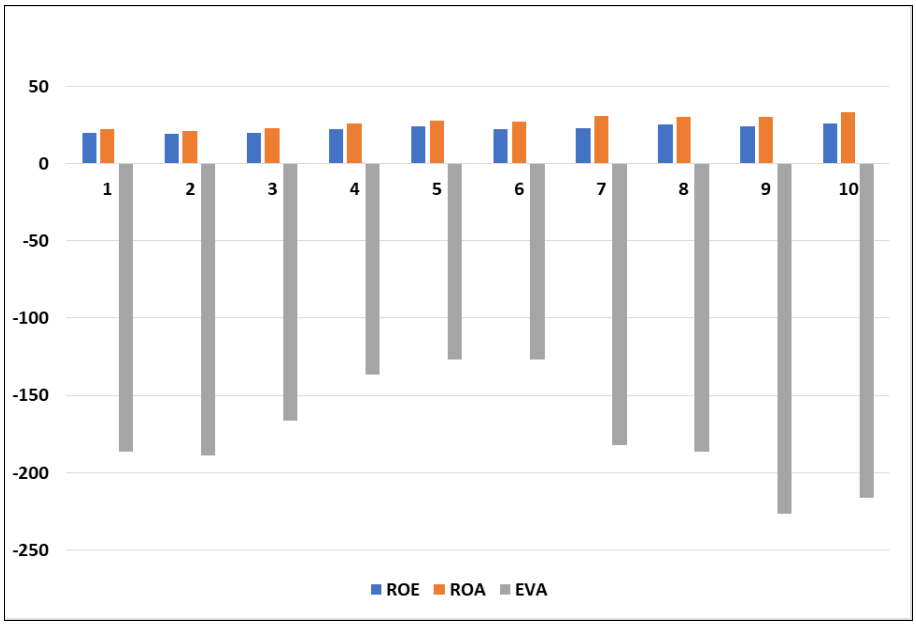

Fig 2: A graph showing the values of EVA, ROA, and ROE for Zain Company.

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