EVALUATING PERFORMANCE USING THE BALANCED SCORECARD MODEL: A CASE STUDY OF DIRHAM INDUSTRIAL CO. LTD.

Abstract

The aim of this study is to assess the performance of Dirham Company Ltd. using the Balanced Scorecard approach, which incorporates both financial and non-financial (operational) indicators within a framework of various perspectives that provide a comprehensive view of the company's performance. The study covers the period from 2019 to 2021, with 2019 as the baseline year for comparison and analysis. The main findings of this study are: (1) The company achieved a significant improvement in its net profit during the assessment period, due to the growth of its revenues, the increase in its market share, and its ability to deliver high-quality products, which enhanced and sustained its competitive advantage. (2) The company attained an outstanding current ratio of 274.8% for 2019 and 249% for 2020, which indicates its capacity to meet its short-term obligations. (3) The company maintained a good gross profit margin of 48% throughout the assessment period, which reflects its efficiency in covering the costs of its products. Based on the study results, the researcher offers some recommendations such as conducting an internal environment analysis to identify the strengths and weaknesses of the organization, conducting an external environment analysis to explore the opportunities and threats, matching the strengths with the opportunities by achieving a balance among its components and ensuring their alignment with the set objectives.

Keywords: balanced scorecard, financial performance, operational performance, performance measurement.

Author

Mohammed Ahmed Al Afif
Department of Studies and Research in Commerce
Mangalore University
Mangalore, India
Hph9124@gmail.com

I. INTRODUCTION

Performance reflects the organization's ability to achieve its intended goals. Therefore, performance appraisal is a process of examining these capabilities for utilizing them and indicating the degree of progress in attaining these goals, as well as identifying the needs and challenges for achieving them. Moreover, performance appraisal has a supervisory role that involves using a set of criteria to measure the organization's performance and compare it with a set of standards that determine the actual level of achievement. Performance appraisal traditionally relies on a set of financial indicators, which are the sole basis for building the image and position of the company in the market. However, this approach requires an integrated link between two sets of financial and non-financial (operational) indicators and their consistent use in performance evaluation. This is because the environment surrounding business organizations is characterized by rapid and significant changes that exert pressures on the management of these organizations and require them to respond to these changes. Therefore, there is a need for a model such as the Balanced Scorecard, which represents an integrated and comprehensive framework of financial and non-financial (operational) indicators within various performance perspectives, and which contributes to providing a clear and comprehensive picture of the organization's performance.

II. RESEARCH PROBLEM

The company under study relies on financial indicators in its performance evaluation process, which does not provide a clear and integrated view of the actual performance of the organization during a specific period.

III. RESEARCH SIGNIFICANCE

The research is significant because it highlights the balanced scorecard approach, which created a new performance evaluation system that emerged in the early nineties based on the use of both financial and non-financial (operational) indicators in one practical framework. The financial perspective and the non-financial (operational) indicators feed into the other three perspectives, which are customer, internal processes, learning and growth.

IV. RESEARCH HYPOTHESIS

The formulation and implementation of the balanced scorecard lead to an evaluation of the company's performance based on the following perspectives:

- Financial perspective
- Customer perspective.
- Internal processes perspective.
- Learning and growth perspective.
- Economic and social perspective.

V. RESEARCH OBJECTIVE

The objective of this study is to assess the performance of the company under investigation using the balanced scorecard approach, which incorporates financial and non-financial (operational) indicators within a range of diverse perspectives that provide a comprehensive view of the company's performance.

VI. BALANCED SCORECARD - THEORETICAL FRAMEWORK

1. The Balanced Scorecard Model: an overview and its significance

The balanced scorecard is a strategic management tool that integrates financial and non-financial indicators to give senior managers a holistic and coherent view of their organizations' performance [1]. It also translates the mission and strategy of the organization into a set of performance measures that provide a framework for implementing and evaluating the organizational strategy. Moreover, the balanced scorecard goes beyond financial objectives and incorporates non-financial objectives that are essential for achieving long-term financial success [2]. The balanced scorecard consists of four main dimensions of performance: financial, customer, internal process, and learning and growth. Organizations use a balanced scorecard that contains a set of indicators for each dimension, and that aligns these indicators with the organizational strategy and goals [3]. The following table shows the performance measures of the balanced scorecard: -

Table 1: Performance Measures of the Balanced Scorecard

BSC dimensions	The question	Metrics
Financial	Does the company achieve its financial goals?	Operating income / return on assets / sales growth / cash flows from operating processes
Customer	Does the company meet customer expectations?	Customer satisfaction / customer response / new customer acquisition / on-time market share
Internal processes	Does the company improve its internal operations?	Shortage and damage rate / standby time / number of processors / material turnover / working power ratio
Learning and growth	Does the company improve its ability to create value?	Staff training / Staff conviction / Number of new products / Ratio of new sales to total sales number of patents / Number of layoffs

Source: Jaimbalvo 2001:374

The balanced scorecard plays a vital role in evaluating the organization's performance through the following aspects [4]:

- Clarifying, communicating and implementing the organization's strategy.
- Identifying and prioritizing strategic initiatives and their relevance to the organization.

- Aligning the strategy with all levels of the organization's management.
- Establishing and achieving goals of business units and individuals within the overall strategy of the organization.
- Linking the results of periodic performance monitoring to learning and growth that enhance the skills of individuals in the organization to improve and update the organization's strategy.

2. **Balance in the Balanced Scorecard Model:** The balanced scorecard assesses current and future financial performance through a balanced interaction that occurs between the variables of the four perspectives, and each perspective reflects the viewpoint of a stakeholder. The financial perspective is mainly a reflection of the expectations of shareholders and stakeholders, which focuses on maximizing wealth, and it can be translated through a set of objectives related to the growth of net income, cash flow, and others. The other three perspectives, which are (customer, internal process, learning and growth), represent the future performance of the organization.

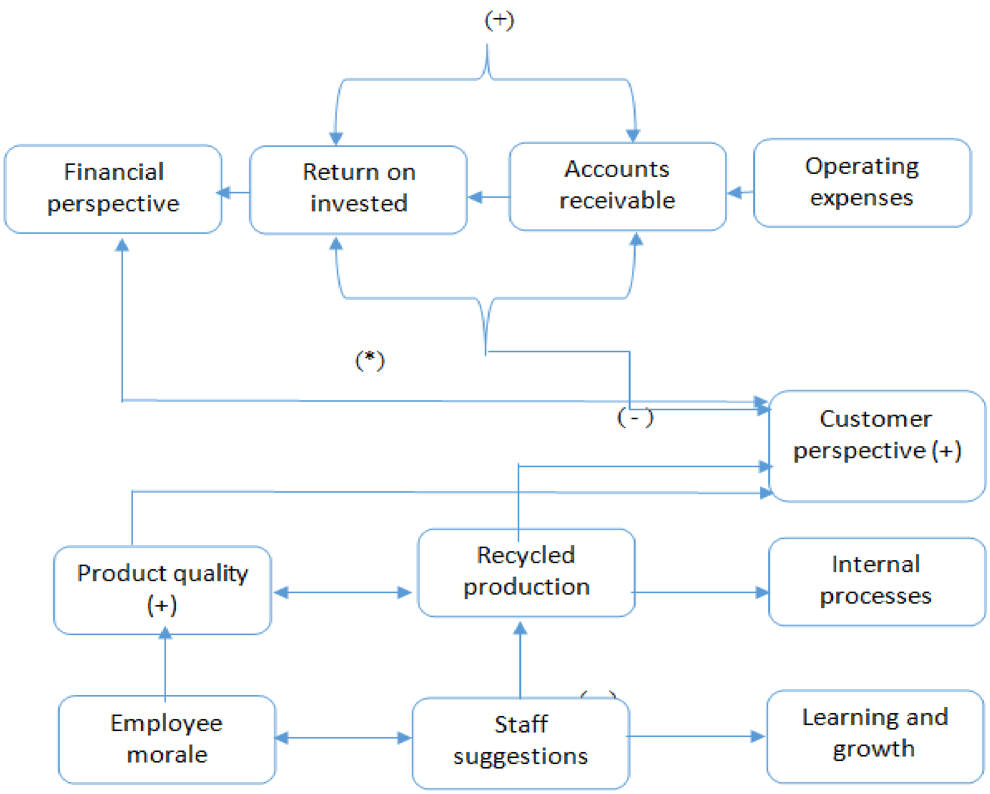


Figure 1: The balanced interaction of the balanced scorecard model

The customer perspective reflects the activities that match the needs of customers, and the internal process perspective reflects the activities that differentiate the organization from other competing organizations that operate in the same field. The learning and growth perspective reflects the interaction process between the members of the organization and the tasks assigned to them within the managerial plans, and the degree of alignment between the individual goals and short-term and long-term organizational goals that create value for the organization, stakeholders and individuals.

The balanced interaction of the balanced scorecard can be illustrated in the following figure:

3. **Balanced Scorecard Perspectives:** The balanced scorecard framework consists of four perspectives that reflect the strategic objectives of a company: financial, customer, internal processes, and learning and growth [5]. The financial perspective measures the economic value created by the company for its shareholders, using indicators such as return on invested capital, net profit margin, cash flow, and return on sales. These indicators provide a comprehensive assessment of the company's financial performance in a given period, as well as a basis for comparison with its past results, planned targets, or competitors' performance. However, financial measures alone are not sufficient to guide the company's value creation, as they are lagging indicators that reflect the outcomes of past actions. The customer perspective focuses on the strategic goals of the company related to customer satisfaction, retention, acquisition, and market share. It evaluates how well the company meets the needs and expectations of its target segments, and how it differentiates itself from its rivals in the competitive market. The internal processes perspective examines the efficiency and effectiveness of the company's core activities and processes that deliver value to customers and shareholders. It requires both managers and employees to have a clear understanding of how the company operates and what skills are needed for their roles. It also involves identifying and eliminating non-value-adding processes and activities that increase costs or reduce quality (Hilton et al., 2000:44). The learning and growth perspective addresses the intangible assets of the company that enable it to innovate and improve its performance over time, such as human capital, organizational capital, and information capital. It measures the company's ability to develop the competencies, capabilities, and culture that support its strategic vision and goals.

VII. EVALUATING THE PERFORMANCE OF DIRHAM INDUSTRIAL CO. LTD. USING THE BALANCED SCORECARD MODEL

1. **Background of the Company:** Dirham Industrial Company Limited (Deco) was established in Al-Marawaa area, about 26 kilometers away from Hodeidah city (the second-largest port in Yemen after Aden Port), in the spring of 1980. Since its inception, the company has adopted a flexible and adaptive policy that involved many structural changes in its statute, to cope with the developments in the production of soft drinks, fruit juice, energy and water drinks, and non-alcoholic beer and beverages.

2. **Applying the balanced scorecard framework to assess the company's performance:** The balanced scorecard framework was applied to Dirham Industrial Company for the period from 2019 to 2021, using 2019 as the base year for comparison and analysis purposes as follows:

   - **Financial Perspective:** It consists of a set of measures that are used to evaluate the company's performance, namely:

   - **Company Expenses:**

Table 2: Company's Expenses for the Period 2019-2021. Amounts in thousands

Statement	2019	2020	Evolution rate	2021	Evolution rate
Salaries and wages	835,527	1,296,556	55%	2,100,313	151%
Commodity supplies	4,764,496	6,359,162	33%	12,023,069	152%
Service supplies	1,036,097	985,207	5%	897,778	13%
Purchases for selling	-	-	-	1,402,406	-
Interests and rents	7	2007	286%	1,257	17857%
Depreciation	76,880	217,592	183%	337,538	339%
conversion expenses	715,882	541,359	24%	928,722	30%
Other expenses	5,480	2119	61%	84	98%
Total expenses	7,434,369	9,404,005	26%	17,691,167	138%

As shown in Table (1), the company's total expenses rose over the evaluation period, reflecting its strategy to expand its operations and increase most of its costs.

- **Company Revenues:** Table (3) shows that the company's revenues grew substantially over the evaluation period, as a result of its product differentiation strategy that met the customer needs and preferences, as well as the increasing demand in the Yemeni market, which enabled the company to utilize the market potential and enhance its market share significantly.

Table 3: Company's Revenue for the Period 2019-2021. Amounts in thousand

Statement	2019	2020	Evolution rate	2021	Evolution rate
Current activity revenue	11,152,463	14,871,981	33%	24,513,999	119.8%
Revenue of financial investments	22,534	11,677	48.2%	12,477	44.5%
Other revenues	2,746	5,909	115.2%	13,666	397.7%
Total revenue	11,177,743	14,889,567	13.3%	24,540,142	119.5%

Source: company records

- **Net profit**

Table 4: Company's Net Profit for the Period 2019-2021. Amounts in thousands

Statement	2019	2020	Evolution rate	2021	Evolution rate
Total revenue	11,177,743	14,889,547	13.3%	24,540,142	119.5%
Total expenses	7,434,369	9,404,005	26%	17,691,167	138%
Net profit	3,743,374	5,485,562	65.5%	6,848,975	82.9%

Source: company records

The evaluation period witnessed a remarkable enhancement in the net profit of the company, which resulted from the substantial expansion of its revenues, market share and product quality. These factors contributed to strengthening the company's competitive edge in the market.

- **Company Liquidity:** It shows the company's ability to provide the necessary liquidity to pay off its short-term liabilities. (As shown in Table 5)

Table 5: Liquidity ratios for the period between "2019 – 2021"

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Current assets	The extent of the company's ability to pay its short-term liabilities	6,811,540	9,921,632	45.6%	13,455,603	97.5%
Current liabilities		2,748,324	3,979,332	44.8%	4,179,682	52.1%
Inventory		4,515,480	9,011,006	99.6%	7,309,451	61.9%
Current Ratio		247.8%	249%	0.48%	322%	29.9%
Quick ratio		83.5%	22.9%	72.6%	147%	76%

Source: company records

- **Revenue Capacity of the Company:** It shows the company's ability to use the invested capital to achieve profits

Table 6: Revenue capacity of the company

	Target	2019	2020	Evolution rate	2021	Evolution rate
Sales	Improve the company's revenue capacity and the extent to which it exploits its invested capital	11,015,589	14,626,485	32.8%	22,456,985	103.9%
Invested capital		5,145,472	7,599,170	47.6%	11,366,884	120.9%
Net profit		3,743,374	5,485,562	65.5%	6,848,975	82.9%
Sales profit rate		33.98%	37.5%	10.36%	30.49%	10.3%
Sales turnover		214%	192.47%	0.06%	197.56%	7.7%
Rate of return on invested capital		2,714,280	3,965,728	0.77%	4,575,598	17.2%
Residual income		**2,714,280**	**3,965,728**	**46.1%**	**4,575,598**	**68.6%**

Source: company records

1- Return on investment rate = Sales turnover
2- Residual income = net profit - the cost of capital
= Net profit + (invested capital x interest rate)

Interest rate 20% (represents the cost of capital, which is the interest rate on the loan).

- **Indicators of Sources and Costs of Financing:** Table (7) shows a decline in the earnings per share ratio, despite the growth of the company's profits, due to the increase in the company's nominal capital during the evaluation period. This was achieved by transferring some of the company's realized gains to the nominal capital and issuing more shares in the market. The table also reveals a noticeable drop in the return on invested capital ratio throughout the evaluation period, which implies a reduction in the company's risk exposure and its ability to fulfill its obligations effectively.

Table 7: Sources and cost of financing

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Nominal capital (riyals per share)	Self-financing the company's activities through its profits	777,000	1,554,000	100%	2,331,000	200%
Reserves		4,368,472	6,045,170	38.38%	9,035,884	106.8%
Net profit		3,743,374	5,485,562	65.5%	6,848,975	82.9%
Capital invested		5,145,472	7,599,470	47.6%	11,366,884	120.9%
Creditors		2,703,023	3,934,031	45.5%	4,134,381	52.9%
The rate of return per share		4,818	3,530	27.7%	2,938	39%
The rate of return on creditors		138.5%	139%	0.36%	165.6%	19.6%
Debt rate on the invested capital		52.53%	51.77&	1.44%	36.37%	30.8%

Source: company records

- **Profitability Indicators:** The table indicates that the gross profit margin reflects the company's efficiency in covering the costs of its products in the market, as the company sustained an excellent gross profit margin during the evaluation period. Moreover, the table demonstrates that the return on fixed assets measures the contribution of fixed assets to the company's return, and the company achieved a satisfactory rate during the evaluation period. The company also attained favorable rates of return on total assets throughout the evaluation period, which signifies the company's ability to utilize its assets to generate profits.

Table 8: Profitability indicators for the period 2019-2021

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Sales	Development in profitability indicators of the company	11,015,589	14,626,485	32.8%	22,456,985	103,9%
Gross profit		5,296,572	7,142,851	34.8%	10,913,753	106%
Net profit		3,743,374	5,485,562	65.5%	6,848,975	82.9%
fixed assets		1,082,256	1,656,780	53%	2,090,963	93.2%
Total assets		7,893,796	11,578,502	46.7%	15,546,566	96.9%
Ratio of gross profit to sales		48.80%	48.83%	1.56%	48.59%	1.1%
Gross profit ratio to fixed assets		489.4%	431.1%	11.9%	521,94%	6.6%
سRate of return on fixed assets		345.88%	331.07%	4.28%	327,55%	5.3%
Rate of return on total assets		47.42%	47.37%	60.1%	44,05%	7%
Fixed assets turnover		10,178	8,827	13.27%	10740	5.5%
Total asset turnover		1,395	1,263	9.46%	1,444	3.5%

3. **Customer Perspective:** This perspective encompasses activities that address customer needs and their future expectations to achieve customer satisfaction, which is one of the strategic objectives of the company and is based on retaining existing customers, acquiring new customers in the competitive market. The customer service perspective is manifested in the company's activity.

- **The Effect of Sales Growth on the Company:**

  Table 9 reveals the following points: -

  - The sales to current assets ratio is moderate throughout the evaluation period and implies the investment of large amounts of current assets to satisfy the demand for sales growth.
  - The sales to total inventory ratio is high during the evaluation period and indicates the rapid conversion of inventory into sales.
  - The actual sales to planned sales ratio varied during the evaluation period due to inadequate planning in the company.

Table 9: The effect of sales growth on the company

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Net sales	Increasing customer satisfaction to provide desired products	11,015,589	14,626,485	32.8%	22,456,985	103.8%
Current assets		6,811,540	9,921,632	45.6%	13,455,603	97.5%
Final stock		46,929	119,111	153.8%	11,234	137%
Planned sales		9,000,000	1,950,000	116.66%	19,500,000	-
Sales ratio to current assets		161.7%	147.4%	8.84%	166.89%	3.2%
Sales ratio to final stock		234,73	122,80	47.68%	201,88	(14%)
Actual sales ratio to the planned sales		122.4%	75%	37.72%	115.2%	(5.9%)

Source: company records

- **The Improvement in Customer Service Activity**

Table 10: The improvement in customer service activity

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Cost of marketing services	Improve customer services in line with increasing demand for the company's products	612,874	766,569	25.07%	2,783,909	354.2%
Amount of sales		4,528,455	5,903,490	30.36%	9,411,695	107.8%
Marketing outlets		6	6	-	9	50%
Types of products		3	4	33.33%	4	33.33%

Source: company records

Table (10) shows the rise in the cost of marketing services due to the company's strategy to differentiate its products in the market from other products, such as; measures to prevent counterfeiting of its products and advertisements in newspapers and TV to promote its products, which resulted in the growth of the company's sales amount by more than double. The company also has increased the number of distribution outlets through marketing associations from 6 to 9 complexes due to the large expansion in the company's activity and the increased demand for its products.

4. Internal Processes Perspective

- **Energy Utilization Rate**

Table 11: The extent of the company's ability to exploit its energies

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Production capacity	Optimizing the company's energy	22,350	22,350	-	22,350	-
Planned energy		4,500	10,000	122.22%	10,000	122.22%
Actual production		4,540	5,977	31.65%	9,379	62.6%
Ratio of actual production to production capacity		20.31%	26.74%	31.65%	41.96%	92.6%
Ratio of actual production to planned energy		100.88%	59.77%	40.75%	93.79%	(2.7%)
Hourly throughput		498	614	23.29%	710	212.6%

The data provided in Table (11) lead to the following conclusions:

- The company has attained a remarkable enhancement in the utilization rate of the company's production capacity during the evaluation period, 20.31%, 26.74%, and 41.96% from 2019-2021, respectively. This implies the company's ability to make various improvements and better use of energy.
- There is a clear fluctuation in the ratio of actual production to the planned capacity of the company, 100.88%, 59.77% and 93.79% for the years of the study, respectively, indicating inadequate planning in the company.
- The company has achieved a significant improvement in the productivity rate at 498, 614 and 710 hours for the years of study, respectively, due to increasing the efficiency of production lines and providing the necessary materials for production, as well as increasing Production efficiency of workers.

5. Growth in Monthly Production

Table 12: Growth in monthly production

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
January	Monthly production growth in response to the increased demand for	141,579	256,392	81.09%	308,307	117.7%
February		193,024	303,194	57.07%	420,283	117.7%
March		245,274	423,655	72.72%	776,619	216.6%
April		335,906	551,963	64.32%	862,651	156.8%
May		488,617	582,599	19.23%	869,430	77.9%
June		520,800	572,274	13.81%	990,594	90.2%
July		533,527	770898	44.49%	1,126,788	111.1%

August	the company's products	926,255	798,568	26.09%	1,216,480	13.33%
September		509,868	581,951	14.13%	919,548	80.3%
October		477,226	471,140	(1.27%)	882,684	84.96%
Nov		298,655	310,639	4.01%	555,798	86.1%
Dec		184,947	354,042	91.42%	450,034	143.33%
Total		4,540,678	5,977,315	31.63%	9,379,216	106.5%

Source: company records

Note: - the scale (a dozen units produced)

Through the above table, we notice an increase in the monthly production quantities during the study years, in response to the increasing demand for the company's products.

6. Learning and Growth

- **Development in Associate Preparation**

Table 13: Development in the rehabilitation of individuals within the company

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Higher Management	Preparing, qualifying and training the personnel working in the company	3	2	(33.3%)	3	-
Technicians		20	26	30%	25	25%
Permanent supervisors		36	35	(2.7%)	36	-
Temporary supervisors		60	76	(26.6%)	150	150%
Ratio of permanent skilled and unskilled supervisors		30	70	133.3%	63	110%
Ratio of temporary skilled and unskilled supervisors		107	322	200.9%	350	227.1%
Permanent production services		259	209	(19.3%)	188	(27.4%)
Temporary production services		224	154	(31.25%)	200	(10.7%)
Permanent marketing services		63	88	39.6%	90	(42.8%)
Temporary marketing services		64	103	60.9%	130	103.1%
Permanent management services		60	43	28.3%	45	(25%)
Temporary administration services		55	17	(69.09%)	60	9.1%
Total		981	1145	16.7%	1340	39.6%

7. **The Development in the Qualifications of the Company's Employees:** Table No. (14) shows: The decline in training courses in the company despite the growth in their number

from one year to another during the evaluation period, due to the administration's lack of interest in developing the qualifications of its employees, and this is evident by the low cost of training and qualification in the company, due to the reduction in the cost of training from year to year and the decrease in the ratio of trainees to the total associate in the company.

Table 14: Development in the qualifications of individuals

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Technical Trainee	Development in the qualifications of associates through the courses held by the company	28	51	82.14%	77	175%
Administrative Trainee		3	5	66.67%	7	139.3%
Total number of trainees		31	56	80.64%	84	1.709%
Training and qualification costs		378,325	50500	33.48%	750,000	0.982%
Ratio of a technical trainee to the total number of employees		90.32%	91.07%	0.83%	91.67%	1.49%
Ratio of an administrative trainee to the total number of employees		9.68%	8.93%	7.74%	8.33%	(13.9%)
Average cost of training		1,220,432	9,017,857	26.1%	8,928,571	(0.268%)

- **Company Productivity Indicators**

Table 15: Company Productivity Indicators

Statement	Target	2019	2020	Evolution rate	2021	Evolution rate
Cost of final production	The extent to which individuals working in the company's productivity contribute	5,847,918	7,727,609	32.14%	13,540,942	75.22%
Number of workers in production		736	892	21.2%	1,012	13.45%
Number of employees in the company		981	1,145	16.7%	1,340	36.6%
Average productivity per capita at the level of production 1/2		795,540	8,663,238	9%	13,380,081	68.4%

Average productivity per capita at the company level 1/3		5,961,180	6,749,003	13.2%	10,104,956	69.5%
Research development services		1,989,226	3,053,195	53.5%	4,168,284	109.5%

Table No. (15) reveals: the improvement of the individual productivity at the level of production and the level of the company as a whole during the study period, due to the substantial growth in the company's activity as well as the experience and efficiency acquired by the working individuals during their long work period, and the high cost of research and experience services during the study period, due to the company's interest in developing its products.

The balanced scorecard translates the company's strategy into measures and goals that tually reinforce each other as shown in Figure (2)

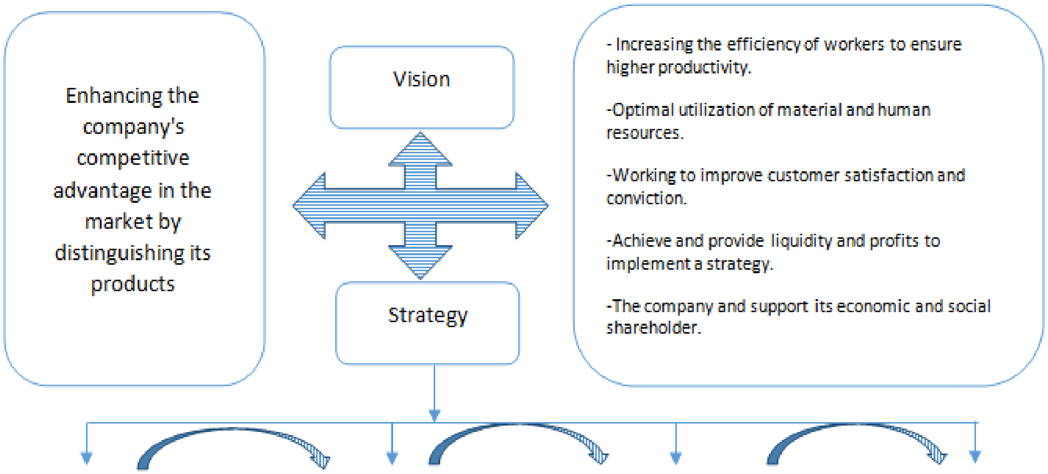


Figure 2: Goals and measures of the company's balanced scorecard

The balance in the balanced scorecard is achieved through correlation and interaction between the different measures in an attempt to achieve the interrelated objectives that the company needs to achieve, in order to create and maintain the competitive advantage of the company, by relying on the tangible and intangible assets of the company, and the balance can be illustrated through -:

Set of coherent metrics that mutually reinforce each other to achieve the company's strategic objectives. Thus, the balanced scorecard comprises the performance system that reflects the company's vision and mission, and the critical success factors that define the proposed performance perspectives for different dimensions. Moreover, it enables the company to sustain and enhance its competitive advantage through the differentiation strategy, as illustrated in Figure (4) which depicts the company's balanced scorecard.

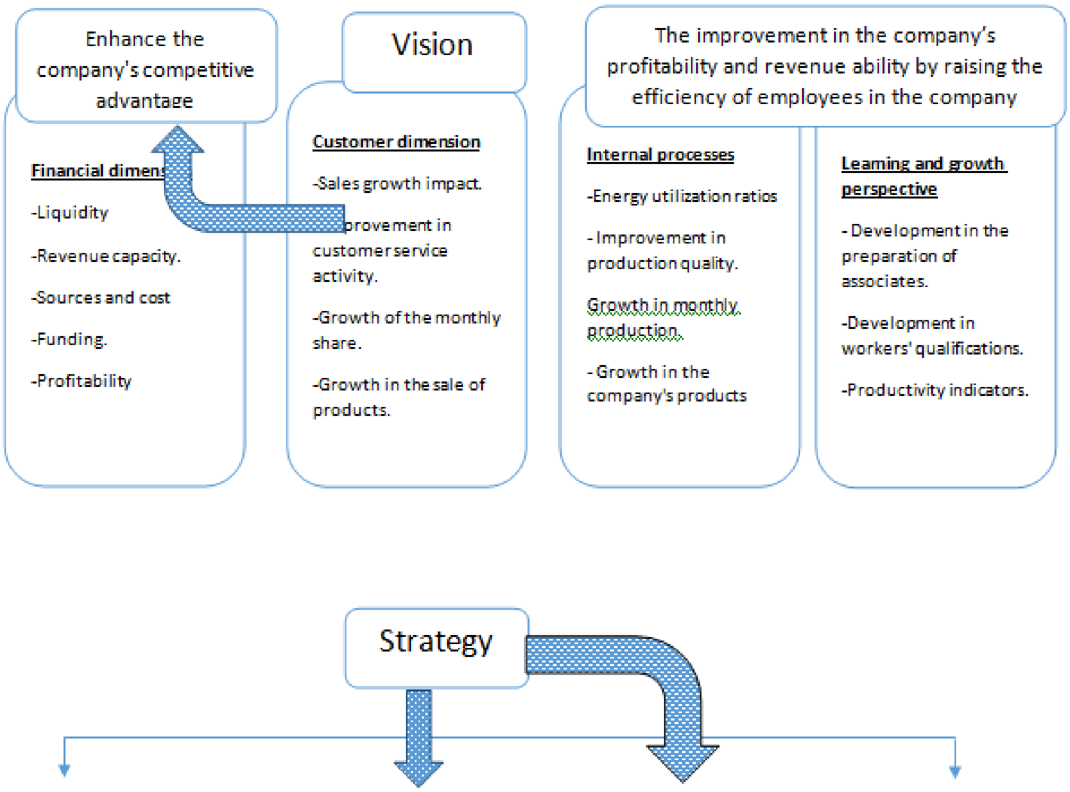


Figure 3: The impact of worker's efficiency on the company's performance

- **The Balanced Scorecard as a System of Interrelated and Integrated Performance Measures:** The balanced scorecard achieves balance by combining a set of coherent metrics that mutually reinforce each other to achieve the company's strategic objectives. Thus, the balanced scorecard comprises the performance system that reflects the company's vision and mission, and the critical success factors that define the proposed performance perspectives for different dimensions. Moreover, it enables the company to sustain and enhance its competitive advantage through the differentiation strategy, as illustrated in Figure (4) which depicts the company's balanced scorecard.

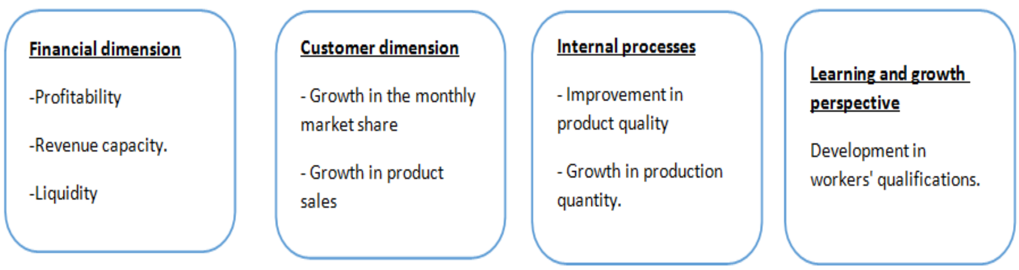
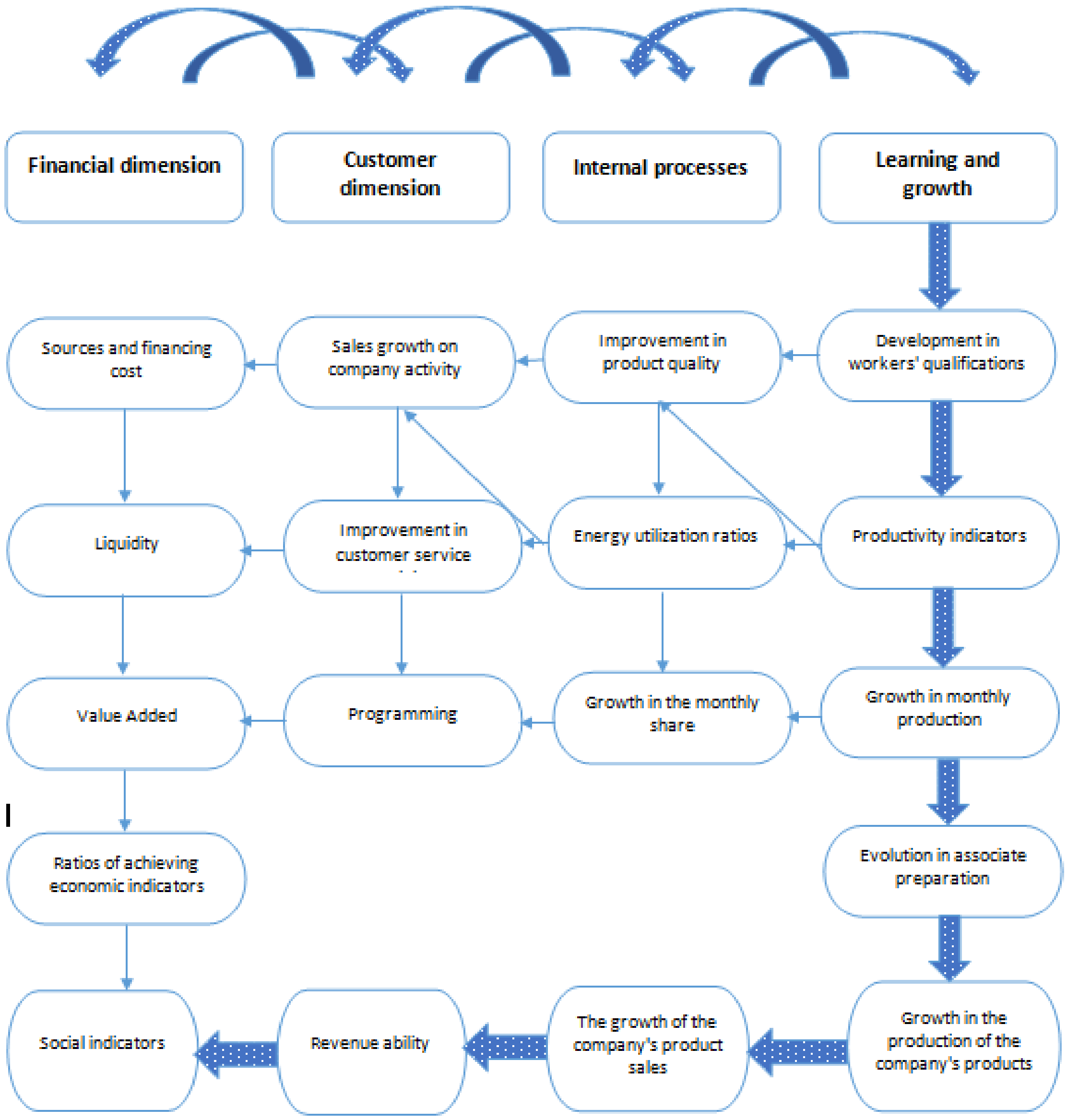


Figure 4: Interaction, interdependence and complementarily in performance Measures



VIII. CONCLUSIONS AND RECOMMENDATIONS

1. **Findings:** This study has revealed the following main findings: -

- The dynamic and complex nature of the business environment requires the use of multiple and diverse indicators to assess the company's performance adequately and accurately, as relying on a single measure may not capture the full picture of the company's outcomes and processes.
- The balanced scorecard provides a comprehensive and integrated framework for measuring the company's performance, as it incorporates both financial and non-financial indicators that reflect the results of the company's activities and operations.
- The non-financial performance indicators are interrelated and mutually reinforcing, as they emphasize the link between internal excellence, customer satisfaction, and organizational learning and innovation. These three perspectives shape the future

financial performance of the company, as well as the financial perspective that evaluates the current financial performance of the company in the balanced scorecard.

- The balance in the balanced scorecard is achieved by creating a coherent and consistent set of financial and non-financial (operational) indicators that support each other and demonstrate the contribution of activities, individuals, and management to the attainment of the company's objectives.

2. Practical Implications

- The company achieved a remarkable improvement in its net profit during the evaluation period, which resulted from revenue growth, increased market share, and the company's ability to deliver high-quality products that enhanced its competitive advantage.
- The company exhibited an excellent liquidity ratio of 274.8% in 2019 and 249% in 2020, which indicates the company's ability to meet its short-term obligations.
- The company obtained satisfactory rates of return on invested capital, which were 72.75% in 2019, 72.18% in 2020, and 60.25% in 2021. The decline in the return on invested capital was attributed to a decrease in the profitability of sales and the turnover rate of the company.
- The debt-to-equity ratio on invested capital decreased from 52.53% in 2019 to 36.37% in 2020, which implies a reduction in the company's risks and an increase in its ability to pay its debts.
- The company maintained a good gross profit margin of 48% during the evaluation period, which reflects the company's efficiency in covering the costs of its products.
- The company demonstrated a high capacity and effectiveness in marketing its products in the market, as the company set the shelf life of the product at two months from the date of production, but the storage period in winter did not exceed a week, while the product did not stay in the company's warehouses for more than two days in summer.
- The company's sales volume increased more than twofold in 2020 compared to 2019 (base year) due to the company's great attention to marketing services to maintain the excellence of its products.
- There was unused idle capacity, as the company only utilized 41.96% of its design capacity in 2021.
- The company showed a lack of interest in developing the skills of its employees by providing training courses, except when necessary, and this was evident from the low cost of training and qualification.
- There was a noticeable improvement in the individual productivity at both the production and the company levels due to the significant increase in the company's activity, experience, and efficiency gained by the employees working in the company.

3. Recommendations : Based on the findings of this study, the following recommendations are suggested:

- Conducting an internal environment analysis of the organization to identify its strengths and weaknesses, as well as an external environment analysis to explore its opportunities and threats, and then aligning the strengths with the opportunities by achieving a balance between the components of the organization and ensuring the compatibility of performance with the specified objectives.

- Applying the techniques offered by strategic cost management to provide useful information for developing and implementing competitive strategies that are suitable for these techniques within an integrated and comprehensive framework.
- Adopting an integrated and comprehensive set of financial and non-financial indicators that include a number of operational and strategic performance indicators that provide a clear and objective picture of the performance outcomes.
- Investing the cash surplus available in the company by expanding its production and service activities, as well as purchasing financial investments that generate financial benefits for the company.
- Expanding the marketing activity of the company and delivering high-quality products compared to competitors, which leads to increasing its market share and achieving its goals.
- Increasing the company's ability to utilize the capital to obtain returns on invested capital by increasing the turnover rate, sales profitability, or both.
- Improving the gross profit margin achieved by the company by maintaining and enhancing the efficiency of the company in covering the costs of its products and selling them in the market.
- Recruiting a specialized staff in accounting, financial, and marketing matters with high efficiency in planning the company's various sales and activities, so that it includes different specialties and takes into account the nature of the changes occurring in the market.
- Increasing the market share of the company by conducting extensive market studies that help the company in setting sales plans based on scientific and practical foundations, as well as expanding the production volume and distribution outlets.
- Utilizing the capacity available at the company in a manner that matches the actual demand for the company's products in the market.
- Enhancing the product differentiation of the company in the market by maintaining the quality of the company's products by adhering to the standard specifications of the products.

REFERENCES

[1] Kaplan, Robert and Norton, David, "Why Does Business Need a balance scorecard" in Reading and Issues in cost Management" ed, reeve James, 2nd ed, South western college publishing 2000.
[2] Kaplan, and Atkinson, advanced Management 3rd ed Prentice-Hall 1998.
[3] Horngren, Charles, Foster, Datar George and srikant , Datar "Cost Accounting A managerial emphasis" 10th ed, prentice –Hall 2000.
[4] Jiambalvo , James Management Accounting , John Wiley and sons Inc us, A 2001.
[5] Hilton, Ronald, Maher, Micheal and Setto, frank," Cost management for Business Decision", Mc Graw-Hill,2000.