

Evaluating the Performance of Government Service Units by Using the Balanced Scorecard Perspectives

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Abstract:

The aim of this research is to apply the Balanced Scorecard in the service units for the purpose of evaluating their strategic performance and then providing some recommendations with the aim of improving this performance, and the research was conducted within a period of two years (2018) and (2019) and through the four perspectives of the Balanced Scorecard, namely The financial perspective, the customer perspective, the internal operations perspective, the learning and growth perspective, as the researchers used financial and non-financial data within these four perspectives, which are all used within the Balanced Scorecard for the purpose of evaluating the unit's strategic performance. Data were through the records of the Treasury Directorate of Muthanna Governorate and the units linked to it financially. The results showed that the directorate's performance was weak in all perspectives, with the exception of the customers 'perspective, in which the directorate's performance was acceptable. For the two years (2018) and (2019), and in light of these results, the researcher presented a set of suggestions that can be used in the field of evaluating the performance of the Directorate as well as other service and non-profit units.

Key words: Balanced Scorecards, Performance Evaluation , Balanced Scorecard perspectives.

Introduction

The developments and variables surrounding the accounting system in general and management accounting in particular from increasing global competition and technological developments and the information revolution that accompanied it increased the administration's need for strategic information related to the external environment.

On the other hand the deficit of traditional methods of management accounting in the field of planning, control and performance evaluation in particular appeared within the strategic range for a long time, this led to the necessity of preparing new measurement methods and the emergence of a new development in the method of control and performance evaluation, which was launched as Balanced Scorecard .

The Balanced Scorecard technique is one of the most important modern techniques for management accounting that has proven its superiority, over the traditional approach to evaluate performance due to its coverage of a wide area of strategic performance, which does not include financial measures only as applied to the traditional approach, but went further to include non-financial measures as well, which include four perspectives .

The financial perspective that focuses on developing internal and external measures to determine the extent of management's contribution to achieving financial improvements, a customer perspective which focuses on measuring and determines the current and future position of the organization with its customers, and the perspective of internal operations, which focuses on developing internal standards that define quality procedures in the performance of the internal operations of the organization and the main indicators in this dimension depend on several factors, including the performance of employees, the efficiency of the process of operations, the effectiveness of wages, the product , the service provided to clients, the technology used, the extent to which the vision and mission support the operations, and the perspective of learning and growth , which includes human capabilities and infrastructure and the extent of their adaptation to the external environment in general and focuses on competencies and investment in systems and the performance of new services and products , which will be the focus of our study on how to apply the Balanced Scorecard with its four perspectives in the service units, represented by the Muthanna Governorate Treasury and the departments associated with it, in order to evaluate its performance from a strategic perspective.

Methodology

This study looking at a problem where most of the service units suffer from a lack of reliance on modern administrative methods in reviewing and evaluating their performance, as these units lack appropriate scientific methods in evaluating the social dimensions of the employees working in them, as well as the weak administrative and financial performance efficiency in a way that affects the efficiency and effectiveness of their performance. Therefore, the research problem can be expressed through some questions which are :

- 1- Can the Balanced Scorecard be applied in service units for the purposes of evaluating their strategic performance ?
- 2- Does applying the balanced scorecard in these units lead to defining the main indicators of the process of evaluating its strategic performance ?
- 3- And finally , Does applying the balanced scorecard in these units help to improve and develop their performance in the strategic term?

So , the study aim to :

- 1- Review the theoretical concepts about the balanced scorecard, its various dimensions.
- 2- Identifying its role in the process of evaluating the efficiency and effectiveness of the strategic performance of service units.
- 3- And then applying the balanced scorecard with its four dimensions in the Muthanna Treasury Department and its affiliated units for the purpose of evaluating its strategic performance and defining the main indicators that can help in developing and improving the performance of these units.

In this study, the following hypothesis will be tested:

The balanced scorecard can be applied in its four perspectives (the financial perspective, the customer perspective, the internal operations perspective, the learning and growth perspective) in service units for the purposes of evaluating their strategic performance in order to develop and improve their performance within this range , this hypothesis will be tested through four sub-hypotheses distributed on the four perspectives of the Balanced Scorecard.

The study community is represented by all government service units, while the study sample is the Treasury Directorate of Muthanna Governorate and the departments associated

with it financially which belong to various ministries and we used the financial and non-financial data of this service unit and the units associated for two fiscal years (2018 and 2019).

Literatures Review

Many studies and research have been conducted on the subject of balanced scorecard and in various fields , Where (Al-Abdi and Al-Baghdadi, 2015) conducted a study to shed light on the dimensions of the Balanced Scorecard and the performance measures and the effect of applying it to improve the performance of Rafidain Bank, as well as showing the level of satisfaction of employees and customers on the services provided by the bank using the four dimensions of the Balanced Scorecard , and they find that the fluctuation of the bank's activity and the customer's dissatisfaction with the services provided by the bank due to the delay in providing the service and the failure to respond to customers complaints, as well as measures and indicators of the customer and learning and growth dimensions are not sufficient to measure and evaluate the bank's performance , where (Abd al-Ridha and others, 2017) are tried to assess the strategic performance of Iraqi banks according to the Balanced Scorecard model, including the four dimensions (financial, customers, growth and learning, and internal operations) for the Islamic National Bank and Elaf Al-Islami for the period 2013-2015 , and they concluded that the balanced scorecard model with its four dimensions contributes to diagnosing the strengths and weaknesses of Islamic banks, As for (Al-Saadoun, 2017), she was conducted a study to apply the balanced scorecard with its six perspectives, not the four, on the University of Al-Qadisiyah for the purpose of evaluating its strategic performance, and the most important conclusions are the possibility of using the balanced scorecard with its six perspectives to evaluate the performance of the university in order to identify the strengths and weaknesses of its strategic performance and work to enhance its strength and address its weaknesses.

(Deshpande, 2015) conducted a study to present a conceptual model for implementing the Balanced Scorecard according to the Kaplan & Norton model in higher education institutions with a special focus on business schools, and he find that the application of the balanced scorecard is possible in these colleges through defining the procedures, future expectations, future vision and goals that these institutions seek to achieve.

(Ondogo et, al, 2016) tried to study the role of Balance Score Card on the Performance of International Schools in Kenya and they found that there is an application of the Balanced Scorecard in schools where there are financial measures to manage resources and through indicators of return on investment, cash flow, and sales growth, in addition to customer satisfaction and the implementation of internal operations and learning procedures to achieve the required goals. Considering the expectations of parents and teachers in the decision-making process, which is also considered an indicator of the implementation of BSC in schools and that there is an impact of these measures on the overall organizational performance, where (Danaei & others, 2017) tried to evaluated the Hadid firms performance using the balanced scorecards model and the found that the four dimensions of the balanced scorecard are effective and in different proportions in the process of evaluating the strategic performance of steel factories, where the financial perspective attained the highest percentage, then the customer perspective, then internal operations, and finally the learning and growth perspective.

Theoretical Background

The balanced scorecard (Cognitive aspects)

The balanced scorecard is considered one of the most important modern techniques for management accounting that surpassed the traditional method of performance evaluation because it covers a wide area of strategic performance, which does not include financial measures only as applied by the traditional method but exceeds it and includes non-financial measures that are concerned with the internal operations of economic units and the relationship with customers. And growth and learning in providing services and products. (Alkwaz & Naeem , 2011: 509).

The balanced scorecard has emerged its idea and development since the beginning of the nineties as a comprehensive balanced performance input to get rid of the traditional measures that are concerned with the financial perspective only. To modern methods of measuring performance, this study resulted in the emergence of the Balanced Scorecard as a new tool for strategic measurement within four perspectives, namely (the financial perspective, the customers perspective, the internal process perspective, and the learning and

growth perspective). There are many definitions of the balanced scorecard presented, where (Kaplan and Norton, 1992: 71) see it as a set of financial and non-financial measures that give managers in senior management a clear and comprehensive picture of the performance of their companies, while (Newing, 1995) defined it as not just a method or method for measuring performance, but rather a good way to manage business organization aimed at improving profitability and making important improvements in performance and helps business organization to achieve higher profitability and increase competitiveness in the long term through ensuring a balance between the different causes of profit (El-Batanouni, 2004: 341).

(Drury) defined it as a strategic management system that translates the vision and strategy of the unit into operational goals for each of the four perspectives, and then defines the performance measures specified for each of the goals (Al-Saadoun, 27: 2017), So we can said that the balanced scorecard is a strategic management method to achieve the goals of the economic unit by translating a clear vision into a coherent set of financial and non-financial measures that helps in the process of evaluating the best performance using performance measures that are commensurate with the nature of the activity of each economic unit.

The Balanced Scorecard is an integrated tool for measuring and managing strategic performance that emerged as a result of the failure of the traditional performance measurement system to meet the information needed to manage strategic performance, and the main characteristics of the balanced scorecard can be stated as the balanced scorecard is a four-dimensional model based on four perspectives, which are the financial performance perspective, the customer perspective, the internal operations perspective, and the learning and growth process perspective, the balanced scorecard divides each perspective into five vertical components: the sub-strategic objective, indicators, target values, procedural steps and initiatives, and actual values, the balanced performance measure depends on mixing financial indicators with non-financial indicators in order to determine the progress towards achieving the strategic goals, quantitatively and financially, and finally the BSC links the financial and non-financial key performance indicators for each perspective with the sub-strategic objectives that are mainly derived from the business organization strategy. (Wehbeia, 2010 :9), (Al-Sadoun, 2017 : 28), (Kaplan & Norton, 1992, 79).

The application of the balanced scorecard achieves many advantages for management, the most important of which are (Al-Maghrabi, 2006: 1) that the Balanced Scorecard

illustrates the cause-and-effect relationship and it helps in communicating the strategy to all members of the unit and it concerned with evaluating the balanced performance of profit-seeking companies on financial measures and goals and determines the number and types of measures used in each area of measurement. The Balanced Scorecard derives its importance from trying to balance between financial and non-financial performance measures to evaluate short-term and long-term performance in a unified report .

One of the most important reasons for the emergence and development of the Balanced Scorecard is the need for modern control methods commensurate with the nature and size of the business of economic units after they expanded and grew their business and volumes significantly and widely, as and since 1925 the need for the emergence of balanced scorecards to address the deficiencies in traditional financial control systems , According to which the role of control is to ensure the efficient performance of the unit and, as a result, it should give management more focus on measuring costs than on revenues (Reiman, 2003, 2-7). Then there has been an evolution in the balanced scorecard since the nineties through three generations to develop the use of the card as an integrated management system for evaluating strategic performance.

Performance Evaluation (Cognitive aspects)

The issue of performance has aroused the interest of researchers in the field of administration, because the human factor is the real axis in the economic units, and it is considered one of the indicators indicating the level of efficiency of workers and their reaching the required level of achievement according to the available capabilities (Khwaitat, 5: 2014).

Performance is considered one of the most important issues that determine the degree of development and organization of the economy, and through it the material pillars of society are formed that secure its launch towards civilization and social welfare, which is mainly based on the material and financial accumulations achieved by countries and which are directly reflected on the development of national income in them (Ibtisam, 44: 2017), and the performance is nothing but a reflection of the unit's ability to do a specific job and accomplish it in the correct manner and with the required specifications and at the lowest possible cost to achieve the possible goals efficiently and effectively, and helps in their development and supports its continuation in the business environment (Al-Saadoun, 50: 2017).

The performance was defined with the development of business and economic units and because of the major changes in the factors affecting it, which led to a change and development in the concept, methods and indicators of performance evaluation (Saudi, 3: 2018), and was known by (Al-Lawzi and Al-Zahrani) as referring to the actions and behaviors of the individual and his contribution to Achieving the goals of the unit and bears for it the salaries and wages of work, which is the ability of the individual to achieve the goals of the unit and is achieved with ability and motivation (Al-Lawzi, Al-Zahrani, 2012 :8), and performance is also the behavior and actions of the human element that affects the performance of the unit and this behavior is either positive or negative This behavior is part of the work outside the scope of the duties stipulated (Al-Qadhi , 2012: 40).

So , we can say that performance is the final result of the work of any economic unit through the performance of its tasks and functions to the fullest, regardless of the type of activity that it provides to others, so it represents the entire system of results for what it does in light of its interaction with the surrounding conditions, whether Internal or external, which is a cyclical process aimed at identifying strengths and weaknesses in the efforts made to achieve the specified and pre-planned goals.

Researchers have been interested for a long time in the concept of performance evaluation as it is an accurate and objective scientific tool and technique for measuring the performance of working individuals with accuracy and confidence and giving information about any defect in performance and motivating working individuals towards adjusting and improving their performance. (Hassan and Al-Qaaib, 2018: 232).

The performance evaluation process is considered one of the important processes practiced by the economic unit administration and at all levels of the economic unit, starting with the senior management and ending with the workers in the unit departments, and in order to achieve the desired goals, so it must be dealt with systematically and accurately with the participation of all parties that may benefit from the results Ebeid, 2014: 35), and the importance of evaluating performance is evident through the following points (Muhammad, 2013: 297) (Al-Qazzaz, 2011: 9) (Al-Fartousi, 2010: 86).

Applied Study

When we will apply the (BCS) four perspectives to the data of the Muthanna Treasury to evaluate its financial and non-financial performance and through financial and non-financial indicators for the two fiscal years (2018) and (2019) with the aim of demonstrating the extent to which this directorate achieves its planned goals and identifies problems and failures in its performance, to determine its causes, and then develop proposed and appropriate solutions and treatments, the results are as follows :

1-Financial perspective :

The financial perspective is the first and one of the important perspectives in the balanced scorecard, as this perspective describes tangible results as a traditional financial strategy and its results represent actions directed towards achieving financial goals, and there are many of them are financial indicators used in measuring the financial perspective, and we have adopted the available indicators for use according to what is in the field of application and based on the data obtained from the financial affairs department in the Treasury Directorate, which are commensurate with the nature of its work and its financial transactions , In general, with regard to the financial perspective for evaluating the performance of the Muthanna Treasury Directorate, most of the indicators of this perspective for the year (2019) compared to the year (2018) showed low performance, and this may be mainly due to the decrease in the financial allocations established in the budget due to the deterioration of the economic situation of the country. In general, the decline in oil prices in the global market, and this is directly reflected in the financial allocations for government departments in the state budget in general.

2-Customer Perspective :

This perspective concerns the customers and the extent of their satisfaction with the products or services of the economic unit, and for the Muthanna Treasury Directorate, the customers are the auditors who have transactions with the departments associated with the directorate in terms of mathematics and the beneficiaries of the services of these departments and previously referred to at the beginning of the chapter, and the performance of the Directorate was evaluated according to This perspective uses two steps, the first through some indicators related to the auditors of the departments associated with the Muthanna Treasury, financially , while the second step relied on taking the opinions of these auditors of the services provided to them through a questionnaire designed in line with the nature of the work of these departments to measure the extent of customer satisfaction about the services provided

to them by these departments, through a random sample of customers for these departments , In general, with regard to the second perspective of the balanced scorecard for customers, the performance of the Muthanna Treasury and the departments associated with it mathematically "has been characterized by relative stability and in its four indicators for the years (2018) and (2019), and the customers opinions have shown a high level of satisfaction with the performance of these departments through the questionnaire that was conducted in them.

3- Internal Process Perspective :

This perspective focuses on all internal aspects of the economic unit and measures the ratios and indicators of development or decline in it as a measure of its performance from the standpoint of internal operations , Several indicators have been calculated for the purposes of evaluating the performance of the Muthanna Treasury from the perspective of internal processes , In general, the results showed with regard to the third perspective of the balanced scorecard related to internal operations, the performance of the Muthanna Treasury Department and in its indicators of employees, incentives, rewards, expansions, additions, innovation and creativity, as well as indicators of external consultations, the use of modern technologies at work and the modernization of the administrative and technological systems used for the two years (2018) And (2019), it has shown a poor performance in this regard.

4- Learning and Growth Perspective :

This perspective focuses on all aspects related to the development and training of workers within the economic unit and developing their capabilities through development and training programs and measuring ratios and indicators of development or decline in them as indicators for the development and development of human resources in the unit, and the following indicators have been calculated for the two years (2018 and 2019) for the purposes of evaluating performance Al Muthanna Treasury from a learning and growth perspective , Also, The indicators of this perspective were strengthened by a questionnaire prepared in line with the nature of the work of the Muthanna Treasury in order to determine the level of satisfaction of the employees in the directorate about the conditions and nature of their work in the directorate , In general, with regard to the fourth perspective of the balanced scorecard related to learning and growth, the performance of the Muthanna Treasury was not generally good in this aspect for the years (2018) and (2019), and the level of employee satisfaction

was not high through the questionnaire that was distributed to the employees in the directorate, and accordingly.

After applying the indicators of the four perspectives of the Balanced Scorecard to the Muthanna Treasury Directorate and the units associated with it financially for the purposes of evaluating its performance for the years (2018) and (2019), the performance of this directorate was as follows:

Financial Perspective	(weak)
Customers Perspective	(acceptable)
The Internal Process Perspective	(weak)
The Learning and Growth Perspective	(weak)
The general performance	(weak)

This invites us to accept the main hypothesis of the research, which stipulates the possibility of applying the Balanced Scorecard with its four perspectives (financial, customers, internal processes, learning and growth) in government units funded centrally for the purposes of evaluating their strategic performance in order to develop and improve their performance within this term .

Conclusions and Suggestions

Through the results of the application, the study has reached to :

- 1- The balanced scorecard represents a modern way to track progress towards achieving strategic goals. It is not just a tool for measuring performance, but rather a multi-dimensional approach that requires management to define the strategy from the point of view and understand the relationship between the work performed at all levels of the unit and the strategic objectives .
- 2- The balanced scorecard is a strategic management system that integrates four management perspectives and allows managers to participate in long-term strategic goals with short-term measurements.
- 3- Also , the balanced scorecard provides a complete framework for working on translating the treasury strategy into practical plans and into an integrated set of performance measurement indicators , and can be used to evaluate the performance

of the Muthanna Governorate Treasury, to identify the strengths and weaknesses in its performance, work to enhance its strength and address its weaknesses.

- 4- Also , we conclude that the treasury of Muthanna Governorate is efficient by rationalizing spending and preventing the spending on many types and materials in the budget in order to rationalize spending money for state administrations.

Therefore, the study presented a set of proposals, and it is necessary for the treasury to periodically evaluate its performance to find out the strengths and weaknesses in its performance and work to address them, where weaknesses and strengths can be identified in the four balanced scorecard perspectives (Financial , Customers , internal process , Learning and growth), Which could be reflected positively on the performance of the Directorate in the strategic term.

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