



THE RULE OF THE BALANCED SCORECARD TO ACHIEVE THE COMPETITIVE ADVANTAGE APPLIED RESEARCH ON THE FARUK STATE ENTERPRISE FOR CONSTRUCTION CONTRACTS

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Article history:	Abstract:
Received: 8th March 2022 Accepted: 8th April 2022 Published: 28 th May 2022	Competition is a very difficult process in an open work environment, so the companies have to find a competitive advantage to make it survive inside the work environment. Implementing conventional management tools would lead the organization to lose its competitive advantages because the conventional management tools can't determine the strength and weaknesses of the organization, so it started to implement new tools that manage the costs, one of these tools is the balanced scorecard. Implementing it would help the organization to achieve a competitive advantage, through the analyzing of the elements of the balancing scorecard, and implementing them annually to know the strength and weakness of the organization, and to determine the improvement and the weakness that has hit the organization through. the lower ratios in the practical aspects we recommend to the companies to use the balanced scorecard to be aware of the low ratios and the negative sides to avoid them to achieve a competitive advantage.

Keywords: Balanced scorecard, competitive advantage, evaluate performance

SECTION ONE: THE BALANCED SCORECARD AND ACHIEVING THE COMPETITIVE ADVANTAGE: FIRST: THE CONCEPT OF THE BALANCED SCORECARD:

There are a lot of definitions for a balanced scorecard such as (a practical framework that is used as a major introduction to enhance the current and futuristic performance through studying four major aspects the clients, financial, internal process, learn and know aspects). (Kaplan & Norton, 2004;2).

And (it's a conceptual framework that translates the view and the aims of the strategic units through a group of processes which would draw a clear image of the economic unit performance) (Idris and Ghalibi, 2009: 139), other definitions were (Parallel and comprehensive measure for the economic unit in the financial and non-financial aspects by translating the vision and the strategy for the economic unit aims in customer satisfaction and investor attraction) (Al-Gharib, 2012: 25)

The aspects of the balanced scorecards:

There are four aspects of the scorecard which are:

1- the financial aspect: the aspect is related to the changes and analysis, that aspect is related to the financial indicators to make it clear whether the economic unit aims have been achieved or not. The

indicators of this aspect are the ratio and indicator analysis which are important economic analysis tools to use to analyse, evaluate and measure the economic unit performance. (Mohammed, 2005: 138)

2- client-aspect:

The economic unit must determine the client which it wants to satisfy their demands, which may achieve competition with other economic units, the indicators of this aspect are the new client, annual sales for the clients, market share and percentage of missing customers. (Taher, 2008: 226).

3- internal process aspect:

It is about the activities that differentiate the economy from the others, and that could be achieved through meeting the demands of the clients and the aims of the owners, the indicators of this aspect is determining the process that the economic unit would excel in them, innovations and meeting the demands of the clients.

4- the aspect of learning and growth:

The ability of the economic unit to grow for achieving for the clients and the stockholders, this aspect is represented through the employee's ability, which is measured through his ability to understand, skills, and productivity, the indicators of this aspect are developing new markets, supporting new ideas and products. (Abdul Hamid, 2006: 339)



Third: The Factors That Support The Implementation Of The Balanced Scorecard:

Many factors support the success of the balanced scorecard: (Al-najar, 2012: 12)

- 1- the necessity of supporting the high management card to successfully implement the scorecard balancing.
- 2- incentive should be given to those who assist in implementing a balanced scorecard.
- 3- the necessity to establish a team that communicates accurately to implement the balanced scorecard.
- 4- sitting the aims that the organization wants to achieve.
- 5- the necessity to take corrective action if there was a difference between what the organization intended to do and what it did achieve in reality.

Forth: The Concept Of The Competitive Advantage:

They define it as follows (the ability of the economic unit to formulate and implement strategies that makes it in a better position if we compare it to other economic units) (Maaly, 2002: 8) and (the body of resources and abilities that give the economic unit which will give it profits) (Maury, 2018: 84)

Fifth: The Dimensions Of The Competitive Advantages:

- 1- Cost: the lower cost is what the economic unit wants to achieve as the first competitive dimension, the lower cost in the market will create an advantage, we don't mean by lower-cost lowering the quality of the products but what we mean is the reduction and the elimination of any activity that add no value. (Al-Fadl & Ghadeer, 2012: 231)
- 2- the quality: what we mean by quality is offering quality that exceeds the expectations and the wishes of customers, the economic unit that maintains the quality of the products will maintain its share in the markets. (Janabi & Dulaimi ,2013: 295)
- 3- flexibility: the ability of the economic unit to adapt to the changes the expected and the unexpected changes, through passing the hard and surprising conditions, and through the ability to maintain the threats. (Roll,2010: 5) , (Ezzaddin,2022:10)
- 4- the innovation: the ability to adapt and develop new ideas that come from the employees, the innovations have many forms such as new products, new technology, and new ideas that help the economic unit to present new distinct values, and the innovation does mean adopting

new ideas through the services and products. (Rifai, 2012:389)

- 5- time: its competitive advantage whether it was for production or services, the delivery speed is a measurement for economic unit performance.(Abbas, 2012: 8)
- 6- the reputation: it is one of the most important economic advantages that an economic unit tries to build and protect, it is one of the cornerstones for building competitive advantages. (Al-Hayali, 2013: 644)
- 7- sources of the competitive advantage: there are a lot of competitive advantages such as:(Abdulsalam, 2003: 246)
 - Technology: it is one of the important resources for the competitive advantage and to change the competitive abilities of the economic unit because it represents the application of scientific theories, and the expertise to develop the manufacturing for the economic unit.
 - Knowledge: it is one of the important resources for the economic unit, the latter care about systematically collecting the knowledge from different sources to analyse and interpret It to comprehend the different effects and enhance its performance.
 - Financial resources: the effective investment achieves its aims through enlarging its activity.
 - Human resources: human resources are an actual and real element to achieving the economic advantage, through the ideas and the skills that the employees offer.

The Practical Aspects

The research has been applied to the Faruk State Enterprise for Construction Contracts in 2017, The latter enterprise has many factories such as the concrete pipe factory.

First: the financial aspect:

Liquidity ratio= total assets ÷ current liabilities =
Liquidity ratio= $751436430 \div 3693472954 = 0.203$

The liquidity ratio indicates the total assets are less than current liabilities, which means that the enterprise can satisfy the current liabilities due to the reduction in its assets.

Quick liquidity ratio= total assets – inventory ÷ current liabilities =

Quick liquidity ratio= $751436430 - 50320000 \div 3693472954 = 0.19$

The quick ratio indicates that there is a reduction in the required assets compared to the current liabilities



because its ratio is low if we compare it to the standard used here.

Fixed turnover ratio= the sales ÷ total assets=

Fixed turnover ratio= $2653792264 \div 11529876512 = 0.23$

Through the last turnover ratio, we notice that there are reduction in the turnover ratio for the total assets if we compare it to the sales.

Second: The Client-Aspect:

To measure the client aspect we need to analyze its clients, by analyzing we have noticed that the major clients of the enterprise are government because the government law determined that it has to work with this enterprise. The clients are generally satisfied with its services but not with its prices because the private enterprise that produces the same products doesn't incur the same costs as the public enterprise, Which makes the costs higher. inspection cost for the resources and products, and there required several employees because they are public servants. All these aforementioned reasons make the prices in public enterprises higher than the private enterprise.

Second: the inner operations aspects:

The inventory overturn ratio: sales cost ÷ average stock=

The inventory overturn ratio = $2067398241 \div 16495725 = 125.329$

We notice a rise in the costs due to the aforementioned reasons.

Energy utilization ratio: from viewing the optimal capacity, the energy designed, and the actual energy, we have noticed that there is a lower utilization ratio from the energy designed, the energy ratio is around 25 % of the planned energy, which led to increase in the costs.

Furth: the aspect of the growth and learning:

Incentive system: the enterprise has an incentive system that gives incentives estimated between (100000-500000 IQD), but it goes for the managing board and the project managers, therefore the incentive system should be given to a wide range class of the employees, to make the incentive system achieve its aim.

Development programs for the employees: there are continuous programs for developing the employees because it became routine for the public departments to promote their employees through these programs there are more than 4 courses yearly, and the enterprise innate more than 25 courses in 2017.

Through the balanced scored card we set major points that the enterprise missing in the competitive advantage such as the rise in production costs, lower productivity, lower financial rates and lower utilization of energy. After we have set the aforementioned points

the enterprise could work toward enhancing its productivity and determine which dealers it has to work with, which can do a lesser quality cheek. Which costs the enterprise a lot of money and makes the prices of its product higher. The company can establish its laboratories to cheek the resources which will lead to lowering the prices.

THE CONCLUSION:

After what we had viewed we can define the balanced scorecard, its practical framework used to enhance its current and futuristic performance, it works as a conceptual framework used to interpret the economic views and its strategic views, and its comprehensive and parallel measurement system used for measuring its economic performance.

And to enhance its competitive advantage, the competitive advantage is the body of resources that are used to give the economic unit advantage and to give the economic unit advantage to formulate and implement strategies that put the organization in better competitive advantage if we compare it to the others.

Through the practical aspects, we have set the four parallels of the scorecard and we have noticed that there are reductions in monetary ratios, raising in the production cost, lower Fixed turnover ratio, injustice in the incentives system, and there are no positive consequences from the learning courses.

So the company has to implement a strategic tool for managing its costs, and one of these tools is the balanced scorecard it should implement yearly to determine the positive aspects of its operations, and to gain knowledge about the highs and lows in the balancing scorecard, to work on the eradication of negative aspects of its operation.

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