International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 13, Issue 7, 2020

The Role of Balanced Scorecard in the Integration of Management Control System and the Strategy of Economic Unity

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The main objective of this paper is to examine the relationship between Management Control System, Business Strategy and Firms Performance, by using Balanced Scorecard in a group of hotels and tourism companies listed on the Iraq Stock Exchange. A management control system (MCS) is a system which gathers and uses information to evaluate the performance of different organisational resources like human, physical, financial, and also the organisation as a whole in light of the organisational strategies pursued. Management control system influences the behaviour of organisational resources to implement organisational strategies. A firm's performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. A Balanced Scorecard includes measurement for the relationship between the (MCS), business strategy and the firm's performance.

Key words: *(MCS), strategy, financial performance.*

Introduction

The definition of MCS as defined by Anthony 1965, is the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation's objectives. The above definition constrained subsequent scholars not only to foresee MCS as encircling the mostly accounting-based pedals of planning examination of activities, but also to measure concerted effort and integrative instrument; it can also serve synthetically as distinct management control from operational control and strategic control. However, MCS has also been define as practices for persuading behaviour (Talab, Flayyih & Hussein, 2018); (Mhaibes,2018).

Strategy has been defined as a move by an organisation between its resources "internal", skills as well as risk and opportunity existed by its external environment. In the 1980s, the strategy analysis developed during the period focused mainly between strategy and the external environment. The well-known example of this is industrial structure analysis by Michael Porter and the positioning, competitive and empirical studies conducted by the PIMS project. Adversely the link between a firm's resources, skills and strategy suffered comparative neglect. A lot of research pertaining to strategic implications of a firm's internal environment has been done amid issues of the strategy implementation, and that of analysis of the organisation processes through which strategies emerge. Organisational performance in almost all categories of industry, has to do with objective fulfillment, relative competitive performance, Return on Assets (ROA) and Return on Sales (ROS). However, the above stated dependent variables can only be achieved by effective deployment of a good independent variable such as differentiation and cost leadership, which will be part of the organisational strategy. In a nutshell a firm's performance largely depends on the good implementation of company's strategy.

The current business environment is characterised by fast changes in customers, technologies and competition. Thus, organisations need to continuously renew themselves in order to survive and prosper (Danneels, 2002). "The concept of strategy has been generally examined at a strategic-choice level cost leader versus differentiation however, wants to drive the discussion further by measuring strategy not on the strategic-choice but on the strategic-capabilities level. In today's rapidly changing environment there is no doubt that having the right strategic capabilities that match the needs of the market is of high importance" (Schreyögg & Kliesch-Eberl, 2007). Henri explores the role that MCS play in the process of strategic renewal. He concludes that there has been "considerable interest in the relationship between MCS and strategy (Talab, Flayyih & Hussein, 2018); (Stix, n.d.)

However, the aim of this study is to examine the relationship between (MCS), Business Strategy and a firm's performance. The first section of the paper covers the introduction part, the second part will cover review of literature which includes discussion and evaluation of issues, the third part will cover the conclusion of the overall findings from the literature review and finally the references (Abdullah, Salman & Ahmed, 2019)

Literature Review

Growing management performance may probably result from the integration of a firm's environment strategy and internal structure and system. (Govindarajan & Gupta, 1985); The author stressed that most of the empirical research specifically in this area uses the contingency approach and consists of a search for an orderly relationship between particular elements of MCS and specific strategies of firms. (P. M. Simons, 1987); (Chow, Kato, & Merchant, 1996); The researcher however, criticises previous researchers on operationalised strategy; the researcher argues that only a few studies consider multi-dimensional structure of the strategy.

The researcher argues that in recent times there are growing concerns about the relationship between MCS and strategy. According to the researcher it has been suggested that MCS should be aligned clearly to underpin the strategy for better management performance and to assist in achieving high management performance (Dent, 1990; Samson, Espiau, & Borgne, 1991). The author further argues that measuring effectiveness has for a long time been presented as a dependent variable more especially in contingent research which provides the way for determining appropriate suitability between MCS and the firm's variables. The author found that very few research "empirical" papers were published considering the strategy as an interest in both professional and academic literature in recent times.

The contingency studies focused on identifying the characteristics of MCS associated with effectiveness under different strategies. However, the research evidence is fragmentary and sometimes conflicting. These conflicts were believed to be partially a result of the differences in research designs (as occurs in all contingency research), but also arose from the way that control, effectiveness and strategy were operationalised and measured. Future research in this area could aim to develop consistently.

Huselid (1995) found that investments in HR activities such as incentive compensation, selective staffing techniques, and employee participation resulted in lower turnover, greater productivity, and increased organisational performance through their impacts on employee skill development and motivation. Although support for a universal, or best practices, approach, the researcher's analysis shows that the apparent main effect of human-capital-enhancing HR on performance is predominately a function of the performance enhancements obtained when firms link human-capital enhancing HR systems with a quality manufacturing strategy. Accordingly, it is not accurate to conclude from the study that there are strong universal or best practices approaches to human resource management. Instead, the author's findings provide much more support for the contingency perspective.

Classifications for controls and other contingent variables use established classifications of strategy. It is not clear what role MCS can play to bring intended strategies to realisation, or whether MCS can minimise the disruption caused by strategic change (especially when those changes are spread over a considerable period of time). Research could be undertaken to explore whether the role and compo section of MCS change as a company matures. The significance of resource sharing between SBUs for the design of MCS under different strategies could also be examined (Tamimi & Flayyih, 2017);(Langfield-Smith, 1997)

Langfield Smith (1997) in his article Management Control and Strategy a critical review: The article reviews other researches that study the relationship between MCS and business strategy. The researcher further examins empirical studies which mostly used contingency approach as well as case study applications, and eventually focused on a specific segment of MCS and its relations with strategy, which include performance evaluation and reward system, cost control orientation and the effect of resources-sharing. The researcher also examines the role of (MCS) exerting strategy change, the selection of interactive as well as diagnostic control. The researcher further considers the relationship between strategy and performance measurement.

The authors further argue that, in a given study of high performance work practices, the research concludes with the following limitation, that this study only examined cross-sectional differences among manufacturing firms. Gaining a clearer understanding of the relationships between HR systems, strategy, and performance will require longitudinal analysis. (Lepak & Shaw, 2008). However, in the field of accounting, researchers have differences in defining what control is all about. Moreover, according to Merchant and Otley (2007), MCS is an outline/a plan that will direct an organisation toward achieving its strategies by relating to its environment (where it is situated) and to focus on the desire of its shareholders. More so, Merchant and Van Der Steve (2007) stated the two (2) major function of MCS.

Youndt et al (2008), in their article entitled Human Resources Management, manufacturing strategy and firm performance, examine two alternative views which comprise universal and contingency of the human resources (HR) performance relationship in manufacturing settings. The authors conducted a survey on 97 plants which automatically support the contingency approach to human resource management. The researchers further stressed that a human resource system focused on human capital enhancement and was directly related to multiple dimensions of operational performance (i.e., employee productivity, machine efficiency, and customer alignment); however, the researchers argue that subsequent analysis revealed that this main effect was predominately the result of linking human-capital-enhancing HR systems with a quality manufacturing strategy. Other manufacturing strategies also moderated the Human Resource performance relationship.

Watts and McNair-Connolly (2012) in their article entitled New Performance Measurement and Management Control Systems, tend to provide two future generation performance score cards and the performance wheel, which the researchers emphasised to be suitable for the majority of the organisation and performance pyramid for small business. The article discusses issues related to various performance measurement models, determinant mode, the result, balance score card through integration of perspective, and terminology and metrics; the article further integrates a different approach based on their emphasis and finally the performance pyramid.

Corporate Financial Performance

Financial performance can be defined "in terms of maximising the owners' wealth", which asserts that organisations are focused on value creation in order to maximise their owners' wealth. Accounting plays an important role in providing information for a company's financial performance analysis. The definition of corporate financial performance is not debated in literature. Such a lack of discussion has caused disagreement on how to measure the phenomenon. Business performance is the kind of information toward which accounting institutions must show responsibility However, the researcher believes that corporate financial performance is divided into two general categories: the first one regards the return to the investor; the second one refers to accounting return (profit). Corporate financial performance uses both financial variables and capital market measures. Another way to measure a companies' financial performance was employed by who used return on assets (ROA) and return on equity (ROE) rates (Chiarello, Pletsch,da Silva & da Silva, 2014).

Strategic Control

To know whether workers know what is expected from them, to know their strength and weakness in their job and to direct them through the attainment to objective of the organisation, the aim of MCS is to advance a structure to classify MCS. Stede's & Ouchi' (2007) gave four (4) types of MCS as follows:

Result Control: under this method the employee will be rewarded based on his/her participation in the organisation; the higher the result the higher the reward he/she will receive and this can be achieved only when there is a control segment to be controlled and can also be influenced (Franco-Santos & Otley, 2018).

Action control: this has to do with the action to be taken against an employee who has refused to perform his assigned/given task Merchant & Van Der Stede (2007), and

a. Behavioural action: Behavioural actions are actions that are taken in a hard way/harmful way.
b. Action accountability: by tracing a person that performs a job or task, he should be informed about the action (Franco-Santos & Otley, 2018)

Personnel Control**:** under this method employees are controlling themselves and comes in two ways namely**:** It can either be by selection or b. training the employees, (Franco-Santos & Otley, 2018)

Cultural Control*:* cultural control is a plan to encourage mutual monitoring on how an employee should implement it, that is, if it's against their culture (Franco-Santos & Otley, 2018).

Meanwhile Barney (1991) defined resource as "all assets, capabilities, organisational processes, firms, attributes, information and knowledge etc. controlled by a firm that enables the firm to conceive of and implement strategies that improve its efficiency and effectiveness" Grant (2007), this is only by combining personnel and resources that will lead a firm to achieve its smooth operation and conduct of any activities in the organisation.

The researcher used the questionnaire method of data collection with a sample of 2465 using medium-sized manufacturing firms in Austria and Germany as a population size and a random sample selection technique were used; out of the 2465 the researcher was only able to contact 1357 with a response of 13.5%. The researcher also applied ANOVA and Regression analysis in analysing the data. The writer found out the implementation of MCS in an organisation.

The researcher found out that there is a notable relationship among MCS and the organisational strategy. However, the researcher also suggest that MCS can not only be used to support the strategy but to systemically lever strategic renewal by claiming that via contacts with the organisation and with its environment, the information generated by an accounting structure could help make possible strategic change in a positive way.

The objective of this study is to explore the link between MCS and the organisational performance in companies using the alignment theory. According to Lawrence and Lorch (1967), and Ward (1965), on the contingency theories, they recommend that the plan and application or implementation (Lawrence & Lorch, 1967) action of MCS is pressured by some circumstances which are within the organisation's plans and the external factors which are outside the organisation. The researchers also argued that an organisation keeps changes as its size, technological and innovations may lead to expand the activities of the organisation and may lead to change in the control system. However, in Simon's (1995a; 1995b; 2000) view there are four (4) ways of the control system namely**:**

i. Boundary control system
ii. Belief control system
iii. Interactive control system
iv. Diagnostic control system

By implementing these four Simon's levers of the control system in the organisation, if combined together will improve creativeness and efficiency in striving toward achieving organisational goals and objectives. MCS has consequences on strategy and also strategy has its own demerits on the MCS (Langfield-Smith, 1997; and Simon's 1995b). Several researches were conducted on the aftermath of strategy on MCS, but few were conducted on the consequences of strategy on MCS. The idea of strategy is normally applicable at the top or executive level (Gavindarajan and Fisher 1988; 1990) and the idea of policy has been investigated by the top level management. Langfield-Smith (1997) recommends that MCS has to be adopted in order to support the policy of the organisation to have advantage over its competitors in term of performance. However, according to Gavindarajan (1988) in order to achieve organisational plans there needs to be a look into internal and external control system of that firm. Based on research conducted in the field of accounting, MCS is the key for success and effectiveness in the overall performance of the organisation that has yielded a positive result; as such Miles and Snow (1978) recommends that companies or organisations should adhere/adopt a continuous MCS to avoid distraction of changes in the organisational control system that will affect the company. Moreover, Hope and Hope and Whittington (1995) recommend that there is an essential connection between policy and the control system and also the consistency among the variables is very vital to performance measures. Also Miles and Snow (1978), in their research on the organisational reaction toward changes in an environment and how they could straighten external factors with their organisation, recommend organisations to use/adopt MCS for smooth implementation. Chenhell, (2003) maintained that the write-up on the relationship concerning MCS, including their process and their review are often very vital to be identified and explained. However, Henry (2006), insisted that a qualitative way would best in giving results and also will give raise further explanations on the problems underlying the relationship among MCS and the organisation plans. As a result of ideas given above the researcher developed an idea of using a case study to conduct this study using Trimo (2006) to measure the relationship between MCS and Strategy.

Trimo (2006) is a joint stock company where its product is being transacted internationally and it has a diverse products of about 75% of export particularly in European countries with different branches in over 50 countries. The company has grown in the production of marking roofing and facades in some parts of Europe and in the area of construction materials. Trimo in 2002 decided to change its operation as in line with the changes in innovations, technology and engineering which has yielded a significant result at the end of the year performance evaluation; also it has implemented Balance Score Card method and the upgrading to use Total Quality Management Control; this has been part of management plan for the company. According Trimo (2002), there were critical factors that should be addressed before achieving any organisational goals and objectives. These factors are: People, Customers, Value added and finally Environment.

The People: people are the backbone of any organisation; without people an organisation cannot exist. Trimo Company values its management and the employees in order to have innovation and orientation by working in a team.

Customers: customers too are one of the most important keys in any organisation; by satisfying their needs and creating complete products and services is the solution to customers' problems.

Value Added**:** when there is flow of cash, i.e. inflow and outflow which is being monitored, it will enable the organisation to have a wider growth and expansion. To make sure that there is a conducive work environment for employees and customers. Trimo implemented the Simon's levers for planning and performance (MCS). Trimo uses balanced measurement systems as a way of communicating to their workers what is imperative and where the organisation is heading to. Performance measurement systems assist executives in making decisions on the implementation of business plans by comparing real results against planned goals and objectives (K. Simons & Toomre, 2000)

The researcher used qualitative research method. Qualitative research is basically exploratory examination in order to understand an underlying reason and to provide an insight about a particular situation.

The behavioural perspective (Jackson, Schuler, & Rivero, 1989)): This theory focuses on employee behaviour as the mediator between strategy and the firm's performance. It assumes that the purpose of various HRM practices is to elicit and control employee attitudes and behaviours. In the context of SHRM, these differences in role behaviours required by the organisation's strategy require different HRM practices to elicit and reinforce those behaviours. For example, Schuler and Jackson's (1987) model, linking HRM practices with competitive strategies (i.e. innovation quality-enhancement, and cost-reduction), proposed that the role behaviours can vary along a number of dimensions, such as repetitive versus innovation behaviour, low versus high risk-taking, and inflexible versus flexible to change.

The purpose of this study was to examine the relationship between HRM approaches, business strategy, and overall firm performance. The findings show several different connections to firm performance. Some of these indicate a direct relationship between HRM and performance, while others show the existence of several contingency relationships. Although the constructs of behaviour and output, and input control provide a viable framework for integrating HRM as a whole to theories of organisation, they do not appear to be mutually exclusive. In view of their relative strengths and weaknesses, it may be that a combination of the three best facilitates the overall firm performance. Accordingly, it is not accurate to conclude that there are strong universal or best practice approaches to HRM. Instead, the findings provide much more support for the contingency perspective.

Behaviour control: The effect of behaviour control on performance is significantly positive. Based on the work of researchers such as Harrington (1987)and Snell (Snell & Youndt, 1995), one would expect that an HRM control system based on behaviour control would have a positive impact on a firm's performance. That means that, all other things being equal, when executives focus on processes, rather than simply on outcomes, their firms tend to perform better. Results from this study suggest that executives can leverage their best performance by matching this behavioural orientation to HRM under a cost-reduction strategy.

As a guide to future empirical research, it is prudent to also examine some of the key limitations of this study. First, perhaps the most obvious limitation is that the one-time data resemble a snapshot. Although the theoretical discussion preceding the hypotheses implies a specific causality in each case, the cross-sectional nature of the data prevented any appropriate methodology for the examination of specific causal linkages. Gaining a clearer understanding of the relationships between strategy, HRM control and performance will require longitudinal analysis. Future research might try to use the case study approach to extensively examine specific linkages. Second, this study focused on financial performance as opposed to some other index of firm effectiveness. This focus was a conscious decision. Future research might distil the performance consequences of HR activities at differing organisational levels. For example, Huang's (2001) recent study of HRM strategy focused on organisational morale and financial performance. Youndt's et al. (1996) study of HRM and manufacturing strategy focused on operational performance (i.e. machine efficiency, customer alignment, and employee productivity). Huselid's (1995) study of high performance work practices focused on turnover and productivity, as well as financial performance. These are excellent examples of how HRM systems establish a set of linked performance consequences within firms. (Nandakumar, Ghobadian, & O'Regan, 2010) .

The study aims to examine the moderating effects of external environment and organisational structure in the relationship between business-level strategy and organisational performance. The focus of the study is on manufacturing firms in the UK, belonging to the electrical and mechanical engineering sectors, and the respondents were CEOs. Both objective and subjective measures were used to assess performance. Non-response bias was assessed statistically and appropriate measures taken to minimise the impact of common method variance (CMV).

The findings of this study indicate that environmental dynamism and hostility act as moderators in the relationship between business-level strategy and relative competitive performance. This result supports the findings of some previous studies which have found the moderating effect of environment on the relationship between business-level strategy and performance (e.g. (Prescott, 1986)). For improving a firm's performance in comparison to its competitors, both cost-leadership and differentiation strategies are effective in environments with a high level of dynamism. In low-hostility environments a cost-leadership strategy and in high-hostility environments a differentiation strategy lead to better performance in comparison to competitors. A cost-leadership strategy is more favourable for improving financial performance in highly dynamic environments. However, in environments with low levels of dynamism a differentiation strategy is more helpful in improving financial performance. The relationship of both cost-leadership and differentiation with ROS is moderated by organisational structure. However, in the case of ROA, the moderating effect of structure was observable only in the case of the cost-leadership strategy. The sub-group analysis resulted in some interesting findings regarding the impact of organisational structure on the relationship between business-level strategy and the performance of organisations. The results indicated that a mechanistic structure was more helpful in improving the financial performance of organisations adopting both cost-leadership and differentiation strategies. This could be because of the effectiveness of a mechanistic structure in controlling the cost and improving coordination within the organisation.

One of the main limitations of this study is the problem of single respondents (e.g. (Bowman & Ambrosini, 1997). However, a number of authors contend that the CEO is likely to provide accurate information about organisational strategies (e.g. (Hambrick, 1981)). Since all the respondents in this study are CEOs, the information they have provided about the strategies of their organisations can be considered to be accurate. This approach is extensively used in strategic management research.

(Tsai & Yen, 2008)The objective of this study is to examine whether downsizing practices eventually improve performance is frequently asked and is never satisfactorily answered. The consequences have not always materialised over these years. On the negative side, downsizing harms employees, their families, and at the same time causes social chaos. The possible answers could be the ignorance of some important mechanisms between them.

The paper applies the dynamic strategy capabilities concept from the strategy research field and strategic human resource management (SHRM) and the practices concept from the SHRM research field. Findings: A consolidated model is established to explain the relationships among these variables. Originality/value – The model is expected to provide significant implications for thinking leaders to reflect on the topics regarding the organisations' changes, firm's strategies, the SHRM system and social issues.

The Relationship between MCS, Business Strategy and Firms Performance

Watts (2012) introduced the new performance measurement and MCS. However, the authors find that the small business performance pyramid and performance wheel imply that numerous models of control can be lowered to one overarching model. This is because it takes into cognizance and incorporate the weakness of the prior models and also provide broadly a model of performance management capable to be adopted so as to meet the demands of any organisation. The implication of this research is the creation of the pyramid model of control for small firms without taking into consideration the larger firms.

In Landfield & Zechmann's (1997) article review studies relationship between MCS and business performance. The author finds that very few research "empirical" papers were published considering the strategy as an interest in both professional and academic literature in recent times. The contingency studies focused on identifying the characteristics of MCS associated with effectiveness under different strategies. However, the research evidence is fragmentary and sometimes conflicting. These conflicts were believed to be partially a result of the differences in research designs (as occurs in all contingency research), but also arose from the way that control, effectiveness and strategy were operationalised and measured. Future research in this area could aim to develop this consistently (Flayyih, Mohammed & Talab, 2019).

Classifications for controls and other contingent variables, and use of established classifications of strategy: It is not clear what role MCS can play to bring intended strategies to realisation, or whether MCS can minimise the disruption caused by strategic change (especially when those changes are spread over a considerable period of time). Research could be undertaken to explore whether the role and compo- section of MCS change as a company matures (Hsu, 2008).

Human resources management, manufacturing strategy and firm performance: It was found that investments in HR activities such as incentive compensation, selective staffing

techniques, and employee participation resulted in lower turnover, greater productivity, and increased organisational performance through their impact on employee skill development and motivation. However, the limitation of this study is limited to cross-sectional differences among manufacturing firms. Gaining a clearer understanding of the relationships between HR systems, strategy, and performance will require longitudinal analysis.(Akishita et al., 2007)
The researcher found out that there is a notable relationship among MCS and the organisational strategy. However, the researcher also suggests that MCS can not only be used to support the strategy but to systemically lever strategic renewal by claiming it via contacts with the organisation and with its environment,

Simon's four levers of control: The study recommends that by applying both the performance measurement using behavioural assessment and the MCS, if being well implemented or adopted, will have a greater impact on improving the outcome of the organisation. However, the researcher also noticed that by integrating all control systems developed by Simon into the system or using the method of controlling the organisation, then the organisation will give an understandable result based on the performance and implementation of the control system.

(Acquaah, 2013) The researcher found out that organisational size is definitely connected to the cost of management strategy, while market competition is completely related to the segregation of strategy; the Diagnostic Control System influenced the adoption of the cost leadership plan for the Family Businesses and Non-Family Businesses, yet they do not control the implementation of the segregated plan.

Base on the foregoing discussion, we find that there is positive relationship between MCS, business strategy and the firm's performance. However, some researchers embrace the above assertion by providing a certain condition. The condition is that the MCS must be aligning with organisational strategy in order to achieve better organisational performance. Some researchers argue that there is the positive relationship between strategy and firm performance; however the argument is that, the strategy to be employed by any organisation should focus on cost leadership and differentiation in order to achieve better organisational performance.

The gap we find on this particular study is that most of the study discusses a firm's financial performance only, ignoring non-financial performance of the firms which in most cases resulted in better financial performance of an organisation; however, we unanimously agree that financial performance tends to be the great concern of almost every investor; however, non-financial performance should also be considered, as it contributes most of the time to the greater financial performance of the firms.

According to Shelley Frost (2016) financial goals drive higher profits, but non-financial company objectives also aid in improving the company as a whole. The non-financial improvements help round out the company's strengths in areas like customer service, production quality and employee satisfaction. These areas create a stronger company as a whole that is able to perform better in the market, increasing profits.

Discussion of Result

The hotel and tourism sector includes ten companies: Ashuor Hotel, Baghdad Hotel, Babel Hotel, Ishtar hotels, Karbala hotels, Al-Mansour hotels, Al-Watania for tourism investment and projects, Palestine Hotel, Al-Sudair Hotel, and Tourist city of Mosul Dam. Table (1) show Companies Index for ending year 2019

Table 1: show Companies Index for ending year 2019

Name Company	Data	Percentage	Close Point
Al-Watania for tourism investment and projects	23/12/2019	0.55%	0
Palestine Hotel	23/12/2019	0.00%	0
Babel Hotel	23/12/2019	9.37%	0
Al-Mansour hotels	17/12/2019	0.00%	0
Baghdad Hotel	11/12/2019	0.96%	0
Tourist city of Mosul Dam	16/10/2019	1.80%	0
Karbala hotels	11/9/2019	0.00%	0
Al-Sudair Hotel	19/08/2019	4.76%	0
Ishtar hotels	19/08/2019	0.00%	0
Ashuor Hotel	7/7/2019	8.57%	0

The Chart 1. Shows the performance of companies

The Balanced Scorecard system helps a firm obtain timely information to update its strategy. Its four perspectives balance long-term and short-term measures and evaluate every part of the firm and how each contributes toward accomplishing selected goals. It also helps firms leverage their relationships with partners and supply chain members. The scorecard can be used by all types of organisations, both profit and not-for-profit, and in all industries, if they select appropriate metrics. In the early 1990s, Apple Computer developed a Balanced Scorecard to move the focus back to innovation and away from purely financial measures and market share. Although the results and further refinements have not been reported, consider the measures Apple selected (Kaplan & Norton 1993):

- Customer perspective: Market share and customer satisfaction (as measured both internally and by J.D. Powers & Associates secondary data). Internal perspective: Core competencies of user-friendly interfaces, powerful software architectures, and effective distribution systems. Innovation and learning perspective: Employee understanding of the company strategy (as measured by a survey).
- Financial perspective: Shareholder value (based on stock prices).

Table 2: Shows Possible Measures of each dimension of the balanced scorecard

Example Goals	**Possible Measures**
1. Customer Perspective	
Build awareness of a new Web site service	Survey target awareness of service Number of visitors to the site
Position firm as high tech	Survey target attitudes
Increase number of software downloads from the Web site	Number from Web site log
High customer satisfaction with Web site	Survey of target at Web site Number of visits and activity at site
High customer satisfaction with value of online purchasing	Number of complaints (e-mail, phone) Number of abandoned shopping carts Sales of online versus offline for same products
Increase the amount or frequency of online sales from current customers	Mine the database for change in frequency of purchases over time
Build customer relationships	Number of purchases per customer over time (using cookie data) Customer retention percentage
Appropriate target markets	Data mining to find purchase patterns by targeting criteria
Buy-to-delivery time faster than competition	Number of days from order to delivery Competition delivery times
Increased coupon use from Web	Number who redeem

coupons	
Build communities on the site	Number of registrations to community Number of posts to community bulletin board
Value for Business Partners	
Increase number of affiliates in program	Number of affiliates over time
Cross-sell to partner sites	Number of visitors to partner site from our site
2. Innovation and Learning Perspective	
Example Goals	Possible Measures
Online service innovation	Number of new service products to market in a year Number of new service features not offered by competitive offerings Percent of sales from new services
Continuous improvement in CRM system	Number of employee suggestions Number/type of improvements over time
High Internet lead to sales conversion	Revenue per sales employee from Internet leads Number of conversions from online leads
Increased value in knowledge management system	Number of accesses by employees Number of knowledge contributions by employees
Successful penetration of new markets	Percentage of the firm's sales in each new market
3. Internal Perspective	
Example Goals	Possible Measures
Improve the quality of online service	Target market survey Number of customers who use the service Time to run the service software from Web site
Quality online technical help	Amount of time to answer customer e-mail Number of contacts to solve a problem Number of problems covered by Web site FAQ Customer follow-up survey
Quick product cycle time	Number of days to make the product
High product quality for online service	Product test statistics on specific performance measures
Web server size adequate and operational 24/7	Number of actual simultaneous Web page requests ÷ maximum possible Percentage of up-time for server Number of mirrored or backup sites
Optimised number of customer service reps responding to online	Number of inquiries to customer service rep ratio

help	
Superior Web site content management	Number of updates per week Web site log traffic pattern statistics
Optimised inventory levels	Average number of items in warehouse Inventory turnover Supplier speed to deliver product
Supply Chain Value to firm	
High supplier satisfaction	Supplier profits from our firm's orders
Partner value	Number of visitors from partner site to ours and number that purchase Partner contribution to product design
4. Financial Perspective	
Example Goals	Possible Measures
Increase market share for online products	Market share percentage (firm's sales as percentage of industry sales)
Double digit sales growth	Dollar volume of sales from one time period to the next
Target 10% ROI within one year for each new product	ROI
Lower customer acquisition costs (CAC) in online channel	CAC (costs for advertising, etc. divided by number of customers)
Increase conversion rates at Web site	Number of orders divided by number of visitors to site
Increase individual customer profit	Average order value Profit contribution over time less CAC
Achieve at least a 10% Net profit in first year of new product	Net profit as percentage of sales

Table 3: Shows the statistical analysis of the dimensions of the balanced scorecard

Statistics	Customer Perspective	Internal Business Perspective	Innovation and Learning Perspective	Financial Perspective
Sample	40	40	40	40
Missing	0	0	0	0
Mean	3.74	3.56	3.73	3.64
Std. Deviation	0.73	0.86	0.75	0.76
C.V	0.20	0.24	0.20	0.21
Importance	0.80	0.76	0.80	0.79

The results indicate that the four dimensions that were adopted in the performance measurement based on the integration of the performance of tourism companies are a sample of the research in order to achieve complementarity between MCS and business strategy; it has a high relative importance ranging between 79-80% for each dimension of the balanced scorecard, while the results of the mean were greater than the hypothetical mean Adult 3 out of 5; while the results of the standard deviation and the coefficient of variation indicate a decrease in the dispersion of the selected sample data, which amounts to 40 individuals working in the tourism and hotels sector for companies listed on the Iraq Stock Exchange.

Conclusion

The relationship between MCS business strategy can never be overemphasised, as their relationship can only be positive where there is effective and efficient alignment between strategy and MCS. Inter-weaving of the strategy and MCS brings about better performance of an organisation.

Strategy is important because the resources available to achieve these goals are usually limited. Strategy generally involves setting goals, determining actions to achieve the goals, and mobilising resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources). This is generally tasked with the determining strategy. Strategy can be intended or can emerge as a pattern of activity as the organisation adapts to its environment or competes. It involves activities such as strategic planning and strategic thinking.

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