

Evaluation of Export Development Strategies in Leather Industry

Mirza Hassan Hosseini and Saeideh Syadat
University of Payame Noor University, Tehran, Iran

Abstract: Assessment of products, businesses and industries in every country is a major step in understanding the current status and future of the country and introduction of strategic planning. Leather industry of Iran as one of the oldest and most valuable non-oil industries has the strategic benefits to increase their share in world markets, however has been faced with declining in recent years. Considering the importance of identifying the challenges and opportunities of each business strategies in order to improve, the aim of this study was to evaluate the performance of the tobacco industry and to identify the strengths based on the model Balanced ScoreCard (BSC) and provide guidelines and recommendations in order to improve the system for leather exports Iran. The survey population consisted of 102 experts, scholars and experts from the leather industry and its exports and of these 36 were selected based on Morgan table. To collect the data, the researcher made questionnaire and one sample t-test was used to answer questions and to analyze the data. The results indicate that customers expect the highest level of balance and then balance best level is related to internal processes perspective. Both in terms of financial growth and learning are at the lowest level of balance. The results show that in both customer and financial performance are balanced and in both internal processes and learning and growth are unbalanced.

Key words: Performance evaluation, leather export, BSC, industries, scholars, financial performance

INTRODUCTION

More serious competition in the international arena, describes the importance of industrial enterprises and business managers to design international strategies and has led the company access to global markets as a strategic tool for competitiveness of further development of business and use and strategies to enter Foreign markets have been introduced as a competitive advantage for firms. Therefore, each organization needs to evaluate the system to determine the extent of the appropriateness and quality of its activities, especially, in complex and dynamic environments with the speed and volume of information and the challenges facing, so that, accurate information and comprehensively achieved about the position, status and performance and given the strengths and weaknesses of the past, prevent errors in the future and thereby ensure its life (Asadi and Rezaei, 2004). In other words, determining their current position and progress of organizations in today's competitive environment that is based on knowledge-based economy should use regular and consistent models for evaluating their performance and need to use of control systems and performance of the strategic planning, so as to more effectively manage and measure the success and progress in achieving strategic objectives.

However, this favorable assessment of the overall situation of the organization should be able to position

the organization's goals and also specific to the environment and is also an indicator of effectiveness. In the present study, the BSC Model is used according to the comprehensive balanced scorecard for performance evaluation, adapters to answer the questions that the leather industry strategy to what extent was successful to enter the global market and whether existing strategies need to make changes or not.

Theoretical foundations of research: In general, the development of policies, programs, plans and projects and the planning process is dynamic and constantly upgrade and its improvement depends on access to the theoretical and strategic policies on one hand and the strengths and weaknesses of results and on the other hand, the results of the research, design, engineering and construction achievements.

But to achieve this, it needs to provide, the necessary fields, including accurate measurement procedures and processes followed by data collection and information related to the disputed territory, the development and assessment of indicators, monitoring and evaluation of all actions of the first steps studies, planning, decision-making, policy-making and in general, participatory planning and implementation stages are detected even after execution.

In fact, the dramatic evolution of management knowledge makes the assessment system inevitable, so

that, the lack of evaluation of different aspects of the organization including the assessment of the use of resources, personnel, objectives and strategies considered as one of the symptoms of the disease. So, now each organization needs the evaluating system to determine the extent of the appropriateness and quality of its activities, especially, in complex and dynamic environments. On the other hand, the lack of a system of evaluation and control of the means of communication with the internal and external environment is considered as the organization that is followed by the consequences of aging and death of the organization (Johnes, 2006). In this environment, the functional analysis of all components and systematic interlocking loops of thread will be possible to analyze the data and information from monitoring, evaluation and final judgment. The evaluation is meant to determine compliance with the established program and demonstrating its strengths and weaknesses. The evaluation result can be a more transparent picture of how to make informed decisions by managers and executives, so that, they can continue their program in order to strengthen of the reform (Edirisinghe and Zhang, 2007). In fact, because of rigorous evaluation to provide a foundation for decision-making is about the changes observed starting or stopping the program. Creating the rationality to organizational changes and staff, preparing the prerequisite is evaluated for directing the planning and establishment of a comprehensive monitoring of the most important goals.

Put in a comprehensive statement, continuous improvement of organizational performance, power creates great synergy that these forces can support the development of programs and opportunities organizational excellence. Governments and organizations and institutions working in this case exercised brands forward. While no study and business awareness of the progress and goals and identify the challenges facing the organization and gain feedback and information on the implementation of policies formulated in and identify where continuous improvement of performance will not be possible improvements need serious improvement (Eilat *et al.*, 2006).

Balanced scorecard: Evaluation and review of objectives and plans based on the results of the measure and evaluate the performance is one of the main issues and challenges in managing their organization and modern management of human resources. Various models have been emphasized for evaluating the performance of the organization by managers and thinkers. One of the models have mentioned is the Balanced Scorecard Model. The Balanced Scorecard method in 1992 was designed by professor Kaplan and Norton, two Professors of Harvard

University and was welcomed by many of their organizations (Kaplan and Norton, 1992). The balanced scorecard is a management tool that helps to evaluate other activities and the growing trend of declining organizations from different angles. This technique provides the conditions for managers to provide a comprehensive framework for interpreting and translating the vision of the strategy unit in the form of collection of performance measures.

According to Kaplan and Norton, managers and employees concerned about what they are measuring and people cannot well manage, something is measured. As a result, management attention and effort focused on short-term financial criteria and the investment and little attention is paid to manage the intangible assets that are the basis for future financial success (Eilat *et al.*, 2008). Therefore, management cannot be effective without the strong performance of its intangible assets, develop and improve and therefore numerous opportunities to lose value (Papalexandris *et al.*, 2005). To compensate for this lack of attention, they introduced the balanced scorecard approach. This method is evaluated as a performance measurement system in addition to traditional financial evaluation, organizational performance by adding other dimensions the customer, internal business processes and learning and development work. This method with particular attention to the organization's intangible assets which is particularly important in the present day, makes it possible for the organization to its inclusion in the evaluation model through monitoring, quality control and knowledge of intangible assets, if necessary, takes action to repair the weaknesses and compensate for the shortcomings (Camanho and Dyson, 2005). However, the BSC is used largely in manufacturing organizations, services, non-profit and government in many of them has outstanding and significant effects. Non-profit organizations in the field of BSC, Kaplan and Norton emphasized that financial performance measurement alone does not reflect the mission of government agencies and non-profit or non-profit organizations should be at the head of the mission of the BSC approach to measure the success or failure of the organization. In addition, this approach can be long-term mission to keep accurately. Thus, there is a difference between commercial businesses and non-profit organizations in the achievement of its mission.

For this purpose, both from the financial point of view and also from the perspective of customer should be used to improve internal processes and learning and growth perspectives. In nonprofit organizations, major stakeholders play a more important role in the balanced scorecard system and are very effective directly on other aspects of such a system, since, the financial performance of many government agencies and non-profit purpose is not only the sequence of views in the BSC approach can

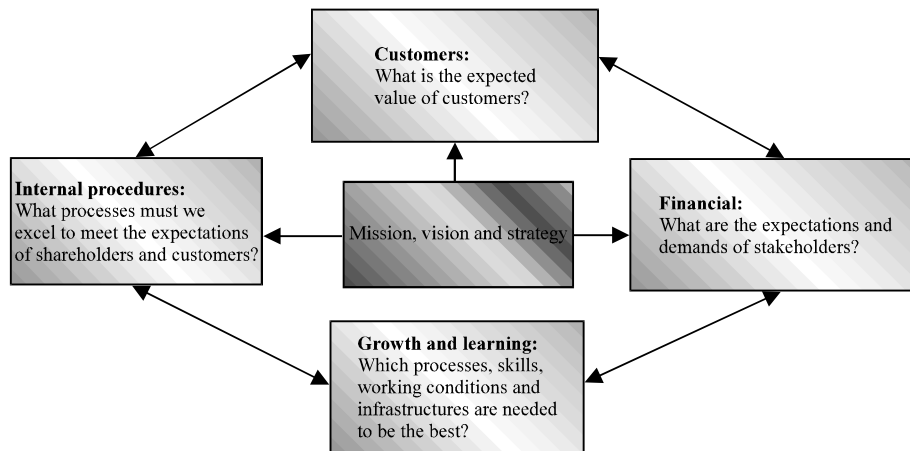


Fig. 1: The dimensions of balanced scorecard

be re-arranged upward from a client perspective (Kaplan and Norton, 1992). The BSC should be tailored to the conditions and the unique nature of each organization (Caplan and Norton, 1993) (Fig. 1).

Effective system provides a comprehensive view based on the balanced scorecard performance measurement of important non-financial criteria such as quality, speed of response to client criteria such as customer satisfaction criteria and come with an external focus warehouses such as the introduction of new product or service and employee satisfaction (Kaplan and Norton, 1993).

In fact, the balanced scorecard showing the level of organizational performance, managers in improving performance in the position of the corresponding unit provides the possibility to make use of this tool makes for BSC. The organizations used the diagnosis approach. In this regard, only it should be tried to define appropriate criteria for measuring performance and to be employed. Among the benefits of using the BSC approach can be cited as follows:

- Improving management effectiveness by having an effective overall picture of the strategy
- Building integrity and to act as the umbrella organization of various programs unrelated
- Such as quality, re-engineering, process design and delivery of services to customers are linked together and coordinated to make
- Optimize the outcomes and outputs of the strategic position of the resources and assets
- Creating a general picture of the status and trends of the organization's past, present and possible future trends of the organization
- Building integrity to achieve organizational goals

However, the BSC is used largely in manufacturing organizations, services, non-profit and government and has the outstanding and significant effects in many of them.

MATERIALS AND METHODS

The study was descriptive in terms of purpose and the survey methodology. The study population consisted of 102 experts, scholars and experts from the tobacco industry and its export. A sample is estimated about 36 people according to Morgan table. The required data gathered by 3 independent researcher made questionnaires. Grading the questionnaire is based on the Likert scale for very high (5), high (4), average (3), low (2) and very small (1).

The validity of the questionnaire was evaluated by interview and counseling professors and experts to assess the reliability of calculated alpha (α) of the questionnaire is equal to 84% which shows high rates of reliability evaluation. That is used for the period of 90-91's. To analyze the data and to assess the balance between the four scorecard perspectives and answer questions, one-sample t-test was used for research. In this test, the calculated average resulted from implementing the questionnaire in terms of theoretical average of the questionnaire (compared average) is compared and tested and should show a significant difference in the mean average more or less.

RESULTS AND DISCUSSION

Amount of realization of indicators: Table 1 shows indicators examined four dimensions based on the average obtained from the maximum score attainable for each indicator, the percentages realization

Table 1: Descriptive indicators of the balanced scorecard

Perspective	Index	Realization percent of criteria	Maximum attainable score	SD	Average
Financial	Increase the rate of return	57.81	15	1/931	6/56
	Increased export earnings	33.80	20	1/98	9/98
	Improving financing	51.20	15	1/658	5/34
Customer	Attract new customers	50.73	15	3/76	7/61
	Increase customer satisfaction	30.65	40	2/21	12/26
	Customer service	53.80	10	1/53	5/38
Internal processes	Innovation in products	43.73	25	3/31	11/65
	Improve the quality of products	44.90	10	1/67	6/76
	Efficient operational processes	35.60	15	1/142	5/12
Growth and learning	Implement a comprehensive quality management system	31.90	10	0/895	3/19
	Investment in information technology and market research	37.13	15	2/387	5/57
	Cooperation with scientific and trade associations	46.20	20	3/486	9/24

Table 2: One-sample t-test to determine the position of the financial perspective

Financial perspective	Average	Compared average	Degrees of freedom	Significant level	t-values	SD	Results
Increase the rate of return	6/56	9	56	0/001	3/421	1/931	Difference is significant
Increased export earnings	9/98	9	56	0/001	3/654	1/98	Difference is significant
Improving financing	5/34	9	56	0/426	0/753	1/658	Difference is not significant
Total points of the financial perspective	-	27	56	0/001	2/78	4/65	Difference is significant

Table 3: Single-sample t-test to determine the position of the customer perspective

Customer perspective	Average	Compared average	Degrees of freedom	Significant level	t-values	SD	Results
Attract new customers	7/61	24	305	0/019	2/151	3/76	Difference is significant
Increase customer satisfaction	12/26	9	305	0/001	2/345	2/21	Difference is significant
Customer service	5/38	6	305	0/000	6/874	1/53	Difference is significant
Total	72/53	37	305	0/000	3/48	3/35	Difference is significant

Table 4: Single-sample t-test to determine the position of the internal process

Internal process perspective	Average	Compared average	Degrees of freedom	Significant level	t-values	SD	Results
Innovation in products	11/65	15	7	0/005	-2/87	3/31	Difference is significant
Improve the quality of products	6/76	9	7	0/030	0/050	1/67	Difference is significant
Efficient operational processes	5/12	6	7	0/501	0/502	1/142	Difference is not significant
Points of view of internal process	23.53	30	7	0/034	-1/89	1/58	Difference is significant

of them. In Table 2, the index will have to determine the financial perspective. As can be seen, the test shows an increase the rate of return and increase export revenues reveal significant indicator that there is a significant difference between the calculated averages and compared with average statistically. Given that t-value is positive, indicating that this index significantly high at present but the test is not significant for improving financing to the index which indicates the index of the medium. The total points of financial dimension is significant and t-value test is positive which indicates the index has largely been achieved. So, it can be said that the leather industry in terms of financial performance is at an acceptable level.

In Table 3, the status of indicators is to determine the status of the customer perspective. As can be seen, the test is significant for three attraction, satisfaction and maintenance of customer index that shows, there is a significant difference between the calculated averages and compared average statistically. Since, t-value in all three cases is positive, indicating that these indicators are highly significant. Total points was significant in the perspective of the customer and t-value test is positive, indicating that the index has largely been achieved. So, it

can be stated that the leather industry strategies from the customer perspective is balanced and acceptable.

As can be seen, from the perspective of internal process indicators in Table 4, are determined. Test for index of the increase of innovation in products and improve the quality of products is significant and suggests that there is a significant difference between the calculated average and compared average statistically. As the negative t-value to increase innovation show these indicators have significantly low levels but t-value is positive to quality improvement that shows the index is achieved in a relatively good level but the test is not significant for the index of improved operational processes shows that, the index has been moderate. Overall rating in terms of internal process perspective is also a meaningful test and t-value is negative which indicates, the research is not achieved in a low level. Therefore, it can be said that the country's leather industry from the perspective of internal process has been unbalanced and is not acceptable.

In Table 5, the index is determined in terms of growth and learning. As can be seen, the test is significant for indicators of implementation of comprehensive quality management system, investment in information

Table 5: Single sample t-test to determine the status indicators in terms of growth and learning

Growth and learning perspective	Compared Degrees of Significant				t-values	SD	Results
	Average	average	freedom	level			
Implement a comprehensive quality management system	3/19	12	56	0/000	-2/134	0/895	Difference is significant
Investment in information technology and market research	5/57	9	56	0/029	-1/256	2/387	Difference is significant
Cooperation with scientific and trade associations	9/24	3	56	0/137	1/347	3/486	Difference is not significant
Points of view of growth and learning	16/07	24	56	0/001	-312	5/26	Difference is significant

Table 6: Strategies of the tobacco industry's overall performance in the four scorecard

General results/Indicators	Dimension	Results for indicators
Balanced		
Increase the rate of return	Financial	Respondents have confirmed this person as high
Increased export earnings		Respondents have confirmed this person as high
Improving financing		Respondents confirmed this indicator are moderately
Attract new customers		Respondents have confirmed this person as high
Increase customer satisfaction	Customer	Respondents have confirmed this person as high
Customer service		Respondents have confirmed this person as high
Unbalanced		
Innovation in products	Internal process	Respondents confirmed this index was low
Improve the quality of products		Respondents confirmed this indicator are moderately
Efficient operational processes		Respondents have confirmed this person as high
Implement a comprehensive quality management system	Growth and learning	Respondents confirmed this index was low
Investment in information technology and market research		Respondents confirmed this index was low
Cooperation with scientific and trade associations		Respondents confirmed this indicator are moderately

technology and market research and trade cooperation with the scientific community and shows that there is a significant difference between the calculated average and the compared average statistically. Considering that the t-value is negative, indicating that this index is significantly low at present but the test is not significant for the indicator of investment in information technology and market research that suggests that this index is average. The points of view of growth and learning requires a significant test and t-value is negative, indicating that this index is a little realized, therefore, it can be said that the country's leather industry has been unbalanced from the perspective of learning and development and is not acceptable (Table 6).

CONCLUSION

According to the results, the leather industry is balanced in the financial perspective. As will be noted, therefore, it should strive to develop these measures taken to be appropriate strategic planning. In the perspective of the customer, according to the results, the industry is balanced in customer perspective. Balanced performance in the perspective of the customer, according to the causal relationships between the perspectives of the balanced scorecard performance of some of the indicators in internal process perspective because addressing the weaknesses and try to overcome them and strengthen the recovery, it can improve the quality of performance in the industry. According to the results, performance evaluation custodians of the leather industry is unbalanced in "learning and development". Therefore, it can be concluded that this industry officials did not act very well because none of the three criteria is not realized in this respect more than the average. As a

result, managers have to manage and to take action to achieve more strategic objectives in this respect.

REFERENCES

Asadi, GhH. and M. Rezaei, 2004. The impact of the implementation of the balanced scorecard business performance. *Accounting Res.*, 61: 1-13.

Camanho, A.S. and R.G. Dyson, 2005. Cost efficiency measurement with price uncertainty: A DEA application to bank branch assessments. *Eur. J. Operat. Res.*, 161: 432-446.

Edirisinghe, N.C. and X. Zhang, 2007. Generalized DEA model of fundamental analysis and its application to portfolio optimization. *J. Banking Finance*, 31: 3311-3335.

Eilat, H., B. Golany and A. Shtub, 2006. Constructing and evaluating balanced portfolios of R&D projects with interactions: A DEA based methodology. *Eur. J. Oper. Res.*, 172: 1018-1039.

Eilat, H., B. Golany and A. Shtub, 2008. R&D project evaluation: An integrated DEA and balanced scorecard approach. *Omega*, 36: 895-912.

Johnes, J., 2006. Measuring teaching efficiency in higher education: An application of data envelopment analysis to economics graduates from UK universities 1993. *Eur. J. Oper. Res.*, 174: 443-456.

Kaplan, R.S. and D.P. Norton, 1992. The balanced scorecard-measures that drive performance. *Harvard Bus. Rev.*, 70: 71-79.

Kaplan, R.S. and D.P. Norton, 1993. Putting the balanced scorecard to work. *Harvard Bus. Rev.*, 71: 134-147.

Papalexandris, A., G. Ioannou, G. Prastacos and K.E. Soderquist, 2005. An integrated methodology for putting the balanced scorecard into action. *Eur. Manage. J.*, 23: 214-227.