

# **COMPARISON OF THE INDICATORS OF SUSTAINABILITY INTERESTS MEASURING SUSTAINABILITY INDICATORS AND THEIR RELATIONSHIP TO THE BALANCED SCORECARD: AN APPLIED RESEARCH IN THE NATIONAL BANK OF BAGHDAD IN BABYLON**

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## **Abstract**

This research aims to study the impact of applying the Balanced Scorecard on achieving sustainability indicators in the Babylon Bank to demonstrate the extent of its efforts to achieve sustainability and serve the community. The research concluded that the most important benefits achieved from sustainability indicators and the application of the Balanced Scorecard are achieving a clear understanding of the economic unit strategy from employees and stakeholders, as well as generating creative capabilities among the employees that contribute to opening new markets. The research manifested that it is necessary to rely on the Balanced Scorecard with its various aspects in the planning and evaluation process of performance within the bank due to its role in treating the problems resulting from following traditional methods in these operations.

**Keywords:** Sustainability, Sustainability indicators, Balanced scorecard, National Bank.

## **Introduction**

The contemporary business environment has witnessed many strategic changes, perhaps the most prominent of which is the emergence of globalization and technological development. However, the rapid changes in all aspects of life have

made it difficult for the management of economic units to keep up with these changes. Therefore, the trend towards sustainability has emerged, which has become an increasing focus of society, as sustainability refers to the ability of managers to maintain the organization for a long time. However, the definition of financial sustainability may differ significantly between profit-making and non-profit organizations. In both profit-making and non-profit organizations, the financial capacity consists of the resources that give the organization the ability to seize opportunities and respond to unexpected threats while maintaining the general operations of the organization. As for operational sustainability, it is a way to evaluate whether the business can maintain current practices without exposing resources to potential future risks. The research reviews the balanced scorecard and its components, as well as the most important intellectual approaches related to it, requirements and steps for its construction, with its application in one of the Iraqi banks to reflect the possibility of using this tool in evaluating sustainability indicators. This research is divided into four sections, represented by the first section, which includes (previous research and research methodology), while the second section comprises the theoretical framework of the research (sustainability indicators and their relationship to the balanced scorecard), whereas the third section includes (the practical aspect), and finally the fourth section, which is a summary of the conclusions and recommendations that were reached.

### **The first section: (Previous Studies and Research Methodology)**

#### **First: Previous studies**

##### **A- Arab studies**

1- A study by (Abdul Moneim and Al-Ajlouni, 2013) "Sustainability reports: The true embodiment of corporate governance in companies - a field study from the point of view of Jordanian external auditors". This study aimed to identify the concept of sustainability reports and the impact of reporting on them for companies as well as to identify the concept and importance of corporate governance and the impact of corporate governance on the sustainable development in the societies that apply it. And, the sustainability reports are considered the correct application of corporate governance in terms of bringing stability to the markets in which companies operate.

2- A study by (Samara, 2020) "The Balanced Scorecard and its role in evaluating the performance of Algerian banks". This study concluded that there is a statistically significant moral impact of using the Balanced Scorecard in the process of evaluating the performance of Algerian banks, and there are no statistically significant differences between the averages of the workers' response regarding the use of the dimensions of the Balanced Scorecard in the process of evaluating the performance of Algerian banks attributed to personal variables at a significance of 0.05.

B-Foreign Studies  
3- A study by (Schoble and Schoiey, 2012) "Balanced Scorecards in Education: Focusing on Financial Strategies". This study aimed to develop sustainability

indicators to evaluate the performance based on the balanced scorecard for education centers in Thai universities. The results of the study elucidated the success of higher education organizations that well define the financial strategies that are linked to educational outcomes, and that the application of the balanced scorecard in universities funded by the state will be less appropriate compared to those universities that are self-funded. And, the financial strategies that focus on the efficiency and effectiveness play an essential role in providing appropriate data for making strategic decisions.

4- Study of (Kariu, other, 2013) “Effect of balanced scorecard on performance of firm in the service sector” (Effects of the balanced scorecard on the performance of companies in the service sector).

This study aimed to determine the effects of the balanced scorecard and its impact on the performance of companies in the service sector. The work was conducted in the country of Kakamega and Kenya, and the study sample represented (200) savings services companies. The descriptive and analytical statistics method was used in addition to the use of semi-structured questionnaires to collect primary data, and the balanced scorecard also emphasizes the measuring and managing performance in four main perspectives that provide a comprehensive assessment of the organization through the traditional focus on the financial and physical assets of the organization.

## **Second: Research methodology**

### **1- Research problem:**

The challenges facing the business environment have obliged companies to plan for the future with strategic planning that ensures their survival and sustainability, and the research problem lies in answering the following questions: What are the methods and tools that achieve the effectiveness of the balanced scorecard? And, is there a possibility to measure the sustainability indicators and their relationship to the balanced scorecard in the National Bank of Baghdad in Babylon?

### **2- The importance of research:**

The importance of the research topic is formed from two important interconnected axes; the first is related to the aspect of sustainability indicators, their concepts, culture and their relationship to the further development in the future, which the banks should produce in general, since these concepts and culture are linked to the future of any bank in today's world. While, the second axis associated with sustainability indicators is related to another important aspect, which is the balanced scorecard as a policy and procedure that the banks adhere to know what they must do after conducting the evaluation and thus developing the national economy by attracting a local capital (especially non-working).

### **3- Research objectives:**

A- Measuring the sustainability indicators and their relationship to the balanced scorecard in the National Bank of Baghdad in Babylon.

B- Predicting the future of this bank (research sample) by relying on its future expectations.

C- Knowing the relationship between the sustainability indicators and the balanced scorecard.

### **4- Research hypotheses:**

This research attempts to prove the following hypothesis:.

There is a possibility of measuring the sustainability indicators and their relationship to the balanced scorecard for the National Bank of Baghdad, Babylon branch.

### **5- Research Limits:**

The spatial limits of the research: The accounting environment, specifically the National Bank of Baghdad in Babylon, and are represented by the following:

1-Research community: The National Bank of Baghdad in Babylon.

2-Research sample: The National Bank of Baghdad, Babylon branch, was selected.

The temporal limits of the research: The period from (2021-2020).

## **The second section: The Theoretical Framework of Research**

### **First: The concept of sustainability indicators**

It was defined as an information system specialized in measuring environmental, economic and social processes and communicating the results to decision-makers in order to clarify, evaluate and prove the unit's contributions to achieving sustainability (Al-Badawi and Al-Baltajawi, 2013: 38)

Also, it was defined as a basis in financial and administrative accounting in order to provide useful information for the decision-making process according to the basis and principles of accounting (Al-Armouti and Nour, 2013: 7).

Additionally, it was defined as the development of companies to meet the needs of the present without compromising the ability of future generations to meet their own needs. (Taylor, 2006: 119).

### **First - Dimensions of Sustainability:**

Sustainability has three dimensions that are its main pillars, which are as follows:

1- The economic dimension: Sustainability seeks to improve the level of well-being and future prosperity for humans by increasing their share of goods and services, and in light of limited resources, this endeavor will not be achieved except by providing the following elements (Al-Ghamdi, 2006: 23):

- Raising the level of effectiveness and efficiency of individuals in implementing development policies and programs.

- Availability of the necessary production elements for the purpose of achieving the planned goals in the future.

**2- The social dimension:**

The social dimension is evident here as a basis for sustainability through social justice, and the most important elements of the social dimension are health and education, cultural diversity, achieving social justice among the current generation on the one hand, and then between the current and future generations on the other hand. So, the companies must reflect how they affect the above aspects, whether negatively or positively, and include this information in sustainability reports (Shelley, 2014: 71).

**3- Environmental dimension:**

This dimension is related to balancing the economic system and the environmental system without depleting natural resources, taking into account environmental security (Abdul Ghani, 2013: 36).

**4- Governance dimension:**

This dimension is related to working to rebalance the level of influence that has become serving the interests of certain parties without others in the company, from shareholders and private workers (Talha, 2017: 144).

**Sustainability goals:**

Sustainability has many advantages, including the following (Matar and Al-Suwaiti, 2013: 27):

- 1- Providing accounting information to stakeholders according to the sustainability principles in order to rationalize their decisions.
- 2- Evaluating the environmental and social performance through managing non-financial capital (environmental and social).
- 3- Improving and developing the dimensions of the approved accounting system.
- 4- Achieving a balance between all users of accounting information.

**Sustainability characteristics:**

The characteristics of sustainability are as follows (Hashem, 2011: 247):

- 1- Sustainability is a long-term development that depends on the available capabilities and planning for them for the longest future period.
- 2- Preserving the natural resources, caring for social welfare.
- 3- Taking into account the right of future generations to available natural resources, taking into account the needs of people to improve their quality of life.
- 4- Evaluating political systems by involving citizens in the decision-making process.

**Second: Balanced Scorecard:**

It is known as the card that comes from being a balance in one report between financial and non-financial performance measures in order to evaluate the short- and long-term performance of the economic unit (Kaplan, 2012: 1179). It is

defined as a system that includes all the measures for the purpose of measuring the performance from a strategic perspective, whereby the strategy of business organizations is translated into strategic goals, measures, targeted values, and clear steps (Jad Al-Rab, 2016: 149).

It is defined as an administrative system that aims to help the unit translate its strategy into a set of goals, as the financial report is no longer the only way through which the institutions can evaluate their activities and chart their future movements (Al-Ghalbi and Idris, 2009: 149).

The importance of the balanced scorecard (Zubdah, Abu Aida, 2016: 235) includes:

- 1- Clarifying and translating the organization's strategy: The organization's strategy is translated into goals, as the organization determines the goals and measurements of the financial success, internal operations, customers, learning and development, as it determines in each aspect what is required to be done specifically.
- 2- Planning and arranging strategic initiatives: The balanced performance measurement has an impact when it is employed to bring about organizational change.
- 3- Evaluating the strategy: It helps in discovering the errors that result from implementing the strategy, and developing solutions that help achieve the strategic goals.

**Characteristics of the balanced scorecard (Tawfiq et al., 2015: 196) are:**

- 1- The balanced scorecard works to satisfy several administrative needs.
- 2-The balanced scorecard works to translate the economic unit into an interconnected set of performance measures.
- 3-The balanced scorecard works to improve the traditional systems of performance and accounting by introducing non-financial and more qualitative facts.
- 4- It motivates the management and managers to introduce development into their work and keep pace with continuous changes for the purpose of work in a distinctive manner.

**Balanced Scorecard Components**

- 1 - The financial perspective (Horngre et al., 2015: 487): This perspective is considered one of the axes of performance evaluation and its results represent the measures directed towards achieving financial goals and standing on the level of profits achieved for the unit's strategy and creating value for shareholders by reducing the cost levels compared to the costs of appropriate units and in a relative manner. The financial perspective is concerned with financial results and also answers questions about how the shareholders see the business unit.



2-The internal operations perspective (Kaplan, 2005: 8): It focuses on the work of the economic unit and how to achieve excellence that reflects its ability to achieve success through efficiency and effectiveness, as this perspective focuses on internal operations that affect the customer satisfaction and achieving the financial goals of the economic unit. The main indicators in this aspect are efficiency, effectiveness, flexibility, and administrative expenses for each employee.

3-The learning and growth dimension (Kaplan, Norton, 2004: 64): This perspective is considered the basis on which the balanced scorecard is built, and therefore the growth dimension Learning is based on the interest in the intellectual capabilities of employees, their skill levels and administrative procedures, and trying to adapt them to the environment in which the institution lives. The latter also seeks through this dimension to improve the employee satisfaction, maintain them and raise their morale with the aim of raising the productivity levels to improve both the customer satisfaction and financial results

Third: The relationship between sustainability indicators and the balanced scorecard:

Based on the criticism that the balanced scorecard did not give the dimensions of social and environmental sustainability, the importance, and status they deserve, changes and amendments were introduced to this system in 2002, and there were a group of different opinions on how to introduce and integrate amendments to the social and environmental dimensions in the balanced scorecard. Among these opinions are (Al-Rikabi, 2014: 244):

- Designing a sustainable balanced scorecard independent of the traditional balanced scorecard.
- Adding a perspective that takes into account the dimensions of environmental and social sustainability.
- Integrating environmental and social sustainability into the dimensions of the balanced scorecard.

Therefore, it can be said that the relationship of sustainability indicators to the balanced scorecard helps in implementing environmental and social objectives in the general strategy of the institution, instead of implementing them as secondary systems, which were designed as a system for the purpose of reflecting sustainability issues and objectives by clarifying appropriate sustainability strategies and translating them to be implementable. Thus, the balanced scorecard is a tool for managing and measuring strategic performance designed to achieve the objectives of the sustainability strategy from its various dimensions.

From the analysis of the previous concepts, it becomes clear that the sustainable balanced scorecard can help take all the aforementioned aspects of sustainability to achieve sustainability, simultaneously and in a balanced manner, as it does not only provide a wider scope by integrating the dimensions of economic, social and environmental sustainability, but also provides a methodology to bridge the gap between the strategic and operational levels of the institution.

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**The third section: The Applied Framework of Research**

**1- A historical overview of the Iraq Stock Exchange:**

It is a stock exchange in Baghdad, Iraq. The market was established in 1992 and was a government market in which more than 113 Iraqi companies were listed, including private and mixed joint-stock companies. The value of its trading reached more than 17 million dollars. It was called the Baghdad Stock Exchange and was closed in March 2003. The market was then reopened in June 2004 under the supervision of the Iraqi Securities Commission. The name of the market was changed to the Iraq Stock Exchange, and more than 100 companies were listed.

**2- Measuring the economic axis:**

The economic dimension of sustainability is related to the company's impact on the economic conditions of its stakeholders and on the economic systems at the global level. The economic category evinces the flow of capital between different stakeholders and the main economic impacts of the organization on society as a whole. This axis includes six sub-aspect items, each item contains a set of indicators that represent (13) indicators, and each indicator has a set of its own reporting requirements. On this basis, the extent to which the Iraqi companies (research sample) reported the information related to the economic axis during the period (2019-2020) will be measured. This can be explained by measuring the reporting of economic information as follows:

The requirements that have been disclosed / summary * of the requirements100%
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1- Baghdad National Bank in Babylon: Table (1) depicts the disclosed and undisclosed items for Baghdad National Bank in Babylon, and Table (2) reveals the percentages of reporting information related to the bank's economic axis during the research period (2020-2021) as follows:



Table (1): The disclosed and undisclosed items related to the economic axis information for Baghdad National Bank in Babylon for the period (2020-2021)\*

Year			2020		2021	
The criteria	Specific indicators for each paragraph	Summary of disclosure requirements for each indicator	The requirements of the explanation	Undisclosed requirements	The requirements of the explanation	Undisclosed requirements
First: economic performance	1. The direct economic value generated and distributed	1	1	0	1	0
	2. Financial effects and other risks and opportunities for the company's activities as a result of climate change	1	0	1	0	1
	3. Covering the company's obligations according to the defined benefit plan	4	2	2	2	2
	4. The financial assistance received from the government. The financial assistance received from the government	2	2	0	2	0
The total	(4) Indications	8	5	3	5	3
Second: presence in the market	1. The ratio of standard wages for entry-level workers according to the type of gender compared to the minimum local wages	2	1	1	1	1
	2. The percentage of the upper management appointed by the local community	2	1	1	1	1
The total	(2) Indicator	4	2	2	2	2
Third: Indirect economic effects	1. Development of infrastructure exploitation and supported services	3	3	0	3	0
	2. Indirect economic effects, including the extent of the effect	1	0	1	0	1
The total	(2) Indicator	4	3	1	3	1
Fourth: purchasing practices	The percentage of spending on local suppliers	1	0	1	1	0
The total	(1) Indicator	1	0	1	1	0
Fifth: Anti-corruption	1. The operations subject to the risk assessment related to corruption	2	0	2	0	2
	2. Communication and training regarding anti-corruption policies and procedures	3	0	3	0	3
	3. Confirmed cases of corruption and actions taken	3	0	3	0	3
The total	(3) Indicator	8	0	8	0	8
Sixth: Anti-competitive behavior	1. The number of legal proceedings as a result of anti-competition and antitrust and monopoly practices	2	2	0	2	0
The total	(1) Indicator	2	2	0	2	0
Al-Majmu Al-Kali	(13) Index	27	12	15	13	14

\*The table was prepared by the researcher.

Table (2): Reporting rates of information related to the economic axis of the National Bank of Baghdad for the period 2020-2021)\*

Al-Banood	2020	2021
First: Economic performance	18.519 %	18.519 %
Second: Presence in the market	7.407 %	7.407 %
Third: Indirect economic effects	11.111 %	11.111 %
Fourth: Purchasing practices	%0	3.704 %
Fifth: Anticorruption	%0	%0
Sixth: Anticompetitive behavior	7.407 %	7.407 %
AlMajmu Al-Kali Lal-Nasb-	44.444%	48.148 %

\*The table was prepared by the researcher.

2- Measuring the environmental axis: The environmental dimension of sustainability is related to the bank's impact on the living and non-living natural systems, including land, air, water and ecosystems. It covers the impacts related to inputs, such as (energy and water) and outputs, such as (emissions, liquid and solid waste). In addition, it covers biodiversity, transportation, product and service impacts, environmental compliance and environmental expenses. This axis includes eight (items) sub-aspects, each aspect contains a set of indicators representing (29) indicators, and each indicator comprises a set of its own reporting requirements, on the basis of which the degree of reporting on environmental information for the bank (research sample) will be measured during the period (2021-2020). The method of measuring reporting on the information related to the environmental axis can be explained as follows:

The requirements that have been disclosed /  
\* summary of the requirements 100%

3- Baghdad National Bank, Babylon Branch: The following is a table of disclosed and undisclosed items during the research period for Baghdad National Bank, Babylon Branch, and the degree of reporting environmental information and a table of the percentages of the degree of reporting information related to the environmental axis for Baghdad National Bank for the period (2021-2020) as follows:

Table (3): Disclosure and undisclosed items related to environmental axis information for Baghdad National Bank, Babylon Branch for the period (2021-2020)\*

The criteria	Specific indicators for each paragraph	Summary of disclosure requirements for each indicator	The requirements of the explanation	Undisclosed requirements	The requirements of the explanation	Undisclosed requirements
First: the materials	The materials used are classified according to weight or size	1	1	0	1	0
	The percentage of materials used including recycled materials, recycled products and special packaging materials	1	0	1	0	1
The total	(2) Indicator	2	1	1	1	1
Second: Energy	Energy consumption within the company	3	3	0	3	0
	Energy consumption outside the company	2	0	2	0	2
	energy intensity	3	0	3	0	3
	Limiting energy consumption	3	1	2	1	2
	Reducing the energy required for products and services	1	1	0	1	0
The total	(5) Indicator	12	5	7	5	7
Thirdly: Water	Al-Mushouba water according to the source	2	0	2	0	2
	Water sources that are heavily affected by water withdrawal	2	0	2	0	2
	Recycled water and uses	2	0	2	0	2
The total	(3) Indicator	6	0	6	0	6
Fourth Biodiversity	Operating times near protected areas and areas of high value for biological diversity	2	0	2	0	2

	, Important effects of activities products and services on biological diversity	2	0	2	0	2
	Protected or protected citizen	3	0	3	0	3
	The species included in the Red List issued by the International Union for Conservation of Nature IUCN (	1	0	1	0	1
The total	(4) Indications	8	0	8	0	8
Fifth: Emissions	Direct greenhouse gas emissions	5	0	5	0	5
	Indirect greenhouse gas emissions resulting from energy consumption	6	0	6	0	6
	Other indirect greenhouse gas emissions	4	0	4	0	4
	The intensity of greenhouse gas emissions	3	0	3	0	3
	Limitation of greenhouse gas emissions	3	0	3	0	3
	Emissions of ozone-depleting substances	2	0	2	0	2
	Nitrogen oxides, sulfur oxides and other inhaled air emissions	2	0	2	0	2
The total	(7) Indications	25	0	25	0	25
Sixth: liquid and solid waste	The total consumption of water is classified according to its type and purpose	2	0	2	0	2
	Waste according to its type and disposal method	3	0	3	0	3
	The big spills	3	0	3	0	3
	Transportation of hazardous waste	2	0	2	0	2
	Water bodies affected by water discharge and/or surface runoff	1	0	1	0	1
The total	(5) Indications	11	0	11	0	11
:Seventh Obligation of Al-Bayee	Non-compliance with environmental laws and regulations	2	0	2	0	2
The total	(1) Indicator	2	0	2	0	2
Thamna: Al-Baqil Al-Bayee Lal Mordin	The percentage of new suppliers who have been audited using environmental standards	1	0	1	0	1
	The actual and potential negative environmental effects of the supply chain and the actions taken	5	0	5	0	5
the total	(2) Indicator	6	0	6	0	6
Al-Majmu Al-Kali	(29) Index	(72)	(6)	(66)	(6)	(66)

Table (4): Percentages of the degree of reporting information related to the environmental axis of the National Bank of Baghdad, Babylon Branch, for the period (2020-2021)\*

Al-Banood	2020	2021
First: Material	1.389 %	1.389 %
Second: Energy	6.944 %	6.944 %
Third: Water	0 %	0 %
Fourth: Biodiversity	0 %	0 %
Fifth: Emissions	0 %	0 %
Sixth: Liquid and solid waste	0 %	0 %
Seven times: Adherence to al-Bayee	0 %	0 %
Al-Th amna: Al-Baqil ABayee Lal Mordin	0 %	0 %
Al-Majmu Al-Kali Lal-Nasb	8.333 %	8.333 %

4- Social axis: The social dimension of sustainability is related to the effects that the company causes to the social systems within which it operates. This axis includes nineteen (items) of sub-aspects, each aspect contains a set of indicators that represent (34) indicators, and each indicator comprises a group on the basis of which the degree of reporting of social information for the bank (research sample) will be measured during the period (2020-2021). The method of measuring the reporting of information related to the social axis can be explained as follows:

The requirements that have been disclosed /  
 \* summary of the requirements 100%

5- Baghdad National Bank in Babylon: The following Table (5) displays the disclosed and undisclosed items for Baghdad National Bank, and Table (6) exhibits the percentages of reporting information related to the social axis of the company for Baghdad National Bank, Babylon Branch for the period (2020-2021) as follows:

Table (5): The disclosed and undisclosed items related to the social axis information for Baghdad National Bank, Babylon Branch for the period (2020-2021)\*.

The criteria	Specific indicators for each paragraph	Summary of disclosure requirements for each indicator	2020		2021	
			The requirements of the explanation	Undisclosed requirements	The requirements of the explanation	Undisclosed requirements
First: Employment	1. Newly appointed employees and employee tenure	2	2	0	2	0
	2. Benefits granted to fulltime employees and not granted to temporary employees or part-time employees	1	1	0	1	0
	3. parental leave	4	0	4	0	4
The total	(3) Indicator	7	3	4	3	4
Second: Labor relations / Management	1. Minimum notice periods for operational changes	2	0	2	0	2
The total	(1) Indicator	2	0	2	0	2
Third: Professional health and safety	1. The workers who represent the official joint health and safety committee between the management and the workers	2	0	2	0	2
	2. Type and rates of occupational injuries and diseases, days of lost work and absenteeism, and the total number of work-related deaths	3	0	3	0	3
	3. Workers with a high incidence rate or high risk of contracting diseases related to their work	1	0	1	0	1
	4. Health and safety issues covered by official agreements with labor unions	2	0	2	0	2
The total	(4) Indications	8	0	8	0	8
Fourth: Training and education	1. Average training hours per year for each employee	1	1	0	1	0
	2. Programs to improve the skills of employees and assistance programs in the administration of the transitional phase	2	1	1	1	1
	3. The percentage of employees who receive regular reviews for performance and career development	1	1	0	1	0
The total	(3) Indicator	4	3	1	3	1

Fifth: Diversity and equal opportunities	1. Diversity in governing bodies and officials	2	1	1	1	1
	1. The ratio of basic salary for men compared to women	1	1	0	1	0
The total	(2) Indicator	3	2	1	2	1
Fifteenth: General policy	1. Political contributions	2	1	1	1	1
The total	(1) Indicator	2	1	1	1	1
Sixteenth: Customer's health and safety	1. Evaluating health and safety effects of products and services	1	0	1	0	1
	2. The number of incidents of non-compliance with regulations and voluntary rules related to health and safety products and services	2	0	2	0	2
The total	(2) Indicator	3	0	3	0	3
XVIII: Marketing and stickers	1. Information required for labels of products and services	2	2	0	2	0
	2. The number of incidents of non-compliance with the legislation and voluntary rules related to information on products and services and putting labels on them	2	0	2	0	2
	3. Incidents of non-compliance related to marketing communications	2	0	2	0	2
The total	(3) Indicator	6	2	4	2	4
Eighteenth: Customer's personality	1. The number of documented complaints related to customer privacy violations and loss of customer data	3	0	3	0	3
The total	(1) Indicator	3	0	3	0	3
Nineteenth: social and economic compliance	1. Non-compliance with laws and regulations in the social and economic fields	3	0	3	1	2
The total	(1) Indicator	3	0	3	1	2
Al-Al-Majmu Kali	(34) Index	69	11	58	12	57

\*The table was prepared by the researchers.

Table (6): Reporting rates of information related to the social axis of the National Bank of Baghdad, Babylon Branch, for the period (2020-2021)\*

Al-Banood	2020	2021
First: Employment	4.348%	4.348 %
Second: Labor/Management relations	%0	%0
Thirdly: Professional health and safety	%0	0%
Fourth: Training and education	4.348%	5.797 %
Fifth: Diversity and opportunities	2.898%	2.898 %
Sixth: discrimination	%0	%0
Sventh; Union freedom and collective bargaining	%0	%0
Second: Child labor	%0	%0
Tasaa': Algebraic action of al-Qasari	%0	%0
Al-Al-Akhmad al-Amniyya	%0	%0
The eleventh century: The rights of the original people	%0	%0
Twelfth: Evaluation of human rights	%0	%0
Twelfth: evaluation of human rights	%0	%0
Thirteenth: Local communities	%0	%0
Fourteenth: Evaluating the resources regarding the effects on society	%0	%0
Fifteenth: General polcy	1.449%	1.449 %
XVIII: Marketing and stickers	2.898%	2.898 %
Nineteenth: Social and economic compliance	1.449%	1.449%
Al-Majmu Al-Kali Lal-Nasab	17.390%	18.839 %

\*The table was prepared by the researchers.

Governance: It is one of the general disclosures for the all companies that prepare sustainability reports and is a part of the general framework that contributes to responsible management and consists of (22) indicators and (30) disclosure requirements that are explained and specific to forming a governance body and delegating it with the responsibility of making decisions and evaluating its performance and effectiveness in managing risks in support of the bank's objectives, as well as how this objective is related to the economic, environmental and social dimensions. The research sample bank did not report any of the reporting requirements for governance indicators.

Other general disclosures: They contain five items (sub-aspects), an each item comprises a set of indicators that represent (34) indicators specific to (the bank's file and its strategy, ethics and integrity, stakeholder involvement in decision-making and reporting on practices) and each indicator consists of a set of reporting requirements specific to it that are used to measure the extent of the bank's commitment (research sample) to reporting general disclosures and how to measure them can be explained as follows:

The requirements that have been disclosed / summary of  
\* the requirements 100%

#### 7- Baghdad National Bank, Babylon Branch:

The following Table (7) manifests the disclosed and undisclosed items for Baghdad National Bank, Babylon Branch, and Table (8) portrays the reporting rates of information related to other public disclosures of the bank during the research period (2021-2020) as follows:

Table (7): The disclosed and undisclosed items related to other public disclosure information for Baghdad National Bank, Babylon Branch for the period (2021-2020)\*

Year			2020		2021	
The criteria	Specific indicators for each paragraph	Summary of disclosure requirements for each indicator	The requirements of the explanation	Undisclosed requirements	The requirements of the explanation	Undisclosed requirements
First: The company file	Company registration	1	1	0	1	0
	Commercial relations and basic products and services	2	2	0	2	0
	At the headquarters of the company	1	1	0	1	0
	During operations	1	1	0	1	0
	Ownership and legal form	1	1	0	1	0
	The services of the company	1	1	0	1	0
	Company scope	3	3	0	3	0
	Information about employees and other workers	4	1	3	1	3



	Al Torid series	1	0	1	0	1
	0. Changes in the company (size, structure, ownership, supply chain	1	1	0	1	0
	1. Al-Mubadad and al-Manhaj al-Tahuti	1	1	0	1	0
	2. External initiatives	1	0	1	0	1
	3. Membership in associations	1	0	1	0	1
The total	(13) Index	19	13	6	13	6
Second: Thestrategy	(2) Indicator	2	0	2	0	2

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Al-Banood	2020	2021
First: Material	1.389 %	1.389 %
Second: Energy	6.944 %	6.944 %
Third: Water	0 %	0 %
Fourth: Biodiversity	0 %	0 %
Fifth: Emissions	0 %	0 %
Sixth: Liquid and solid waste	0 %	0 %
Seven times: Adherence to al-Bayee	0 %	0 %
Al-Th amna: Al-Baqil ABayee Lal Mordin	0 %	0 %
Al-Majmu Al-Kali Lal-Nasb	8.333 %	8.333 %

\*The table was prepared by the researchers.

4- Social axis: The social dimension of sustainability is related to the effects that the company causes to the social systems within which it operates. This axis includes

nineteen (items) of sub-aspects, each aspect contains a set of indicators that represent (34) indicators, and each indicator comprises a group on the basis of which the degree of reporting of social information for the bank (research sample) will be measured during the period (2020-2021). The method of measuring the reporting of information related to the social axis can be explained as follows:

The requirements that have been disclosed /  
 \* summary of the requirements 100%

5- Baghdad National Bank in Babylon: The following Table (5) displays the disclosed and undisclosed items for Baghdad National Bank, and Table (6) exhibits the percentages of reporting information related to the social axis of the company for Baghdad National Bank, Babylon Branch for the period (2020-2021) as follows:

Table (5): The disclosed and undisclosed items related to the social axis information for Baghdad National Bank, Babylon Branch for the period (2020-2021)\*.

year Year			2020		2021	
The criteria	Specific indicators for each paragraph	Summary of disclosure requirements for each indicator	The requirements of the explanation	Undisclosed requirements	The requirements of the explanation	Undisclosed requirements
First: Employment	4. Newly appointed employees and employee tenure	2	2	0	2	0
	5. Benefits granted to fulltime employees and not granted to temporary employees or part-time employees	1	1	0	1	0
	6. parental leave	4	0	4	0	4
The total	(3) Indicator	7	3	4	3	4
Second: Labor /Management relations	2. Minimum notice periods for operational changes	2	0	2	0	2
The total	(1) Indicator	2	0	2	0	2
Third: Professional health and safety	5. The workers who represent the official joint health and safety committee between the management and the workers	2	0	2	0	2
	6. Type and rates of occupational injuries and diseases, days of lost work and absenteeism, and the total number of work-related deaths	3	0	3	0	3
	7. Workers with a high incidence rate or high risk of contracting diseases related to their work	1	0	1	0	1

	8. Health and safety issues covered by official agreements with labor unions	2	0	2	0	2
The total	(4) Indications	8	0	8	0	8
Fourth: Training and education	4. Average training hours per year for each employee	1	1	0	1	0
	5. Programs to improve the skills of employees and assistance programs in the administration of the transitional phase	2	1	1	1	1
	6. The percentage of employees who receive regular reviews for performance and career development	1	1	0	1	0
The total	(3) Indicator	4	3	1	3	1
Fifth: Diversity and equal opportunities	2. Diversity in governing bodies and officials	2	1	1	1	1
	2. The ratio of basic salary for men compared to women	1	1	0	1	0
The total	(2) Indicator	3	2	1	2	1
Fifteenth: General policy	2. Political contributions	2	1	1	1	1
The total	(1) Indicator	2	1	1	1	1
Sixteenth: Customer's health and safety	3. Evaluating health and safety effects of products and services	1	0	1	0	1
	4. The number of incidents of non-compliance with regulations and voluntary rules related to health and safety products and services	2	0	2	0	2
The total	(2) Indicator	3	0	3	0	3
XVIII: Marketing and stickers	4. Information required for labels of products and services	2	2	0	2	0
	5. The number of incidents of non-compliance with the legislation and voluntary rules related to information on products and services and putting labels on them	2	0	2	0	2
	6. Incidents of non-compliance related to marketing communications	2	0	2	0	2
The total	(3) Indicator	6	2	4	2	4
Eighteenth: Customer's personality	The number of documented complaints related to customer privacy violations and loss of customer data	3	0	3	0	3
The total	(1) Indicator	3	0	3	0	3
Nineteenth: social and economic compliance	2. Non-compliance with laws and regulations in the social and economic fields	3	0	3	1	2
The total	(1) Indicator	3	0	3	1	2
Al-Al-Majmu Kali	(34) Index	69	11	58	12	57

\*The table was prepared by the researchers.

Table (6): Reporting rates of information related to the social axis of the National Bank of Baghdad, Babylon Branch, for the period (2020-2021)\*

Al-Banood	2020	2021
First: Employment	4.348%	4.348 %
Second: Labor/Management relations	%0	%0
Thirdly: Professional health and safety	%0	0%
Fourth: Training and education	4.348%	5.797 %
Fifth: Diversity and opportunities	2.898%	2.898 %
Sixth: discrimination	%0	%0
Sventh; Union freedom and collectivebargaining	%0	%0
Second: Child labor	%0	%0
Tasaa': Algebraic action of al-Qasari	%0	%0
Al-Al-Akhmad al-Amniyya	%0	%0
The eleventh century: The rights of the original people	%0	%0
Twelfth: Evaluation of human rights Twelfth: evaluation of human rights	%0	%0
Thirteenth: Local communities	%0	%0
Fourteenth: Evaluating the resources regarding the effects on society	%0	%0
Fifteenth: General policy	1.449%	1.449 %
XVIII: Marketing and stickers	2.898%	2.898 %
Nineteenth: Social and economic compliance	1.449%	1.449 %
Al-Majmu Al-Kali Lal-Nasab	17.390 %	18.83 9 %

\*The table was prepared by the researchers.

6- Governance: It is one of the general disclosures for the all companies that prepare sustainability reports and is a part of the general framework that contributes to responsible management and consists of (22) indicators and (30) disclosure requirements that are explained and specific to forming a governance body and delegating it with the responsibility of making decisions and evaluating its performance and effectiveness in managing risks in support of the bank's objectives, as well as how this objective is related to the economic, environmental and social dimensions. The research sample bank did not report any of the reporting requirements for governance indicators.

Other general disclosures: They contain five items (sub-aspects), an each item comprises a set of indicators that represent (34) indicators specific to (the bank's file and its strategy, ethics and integrity, stakeholder involvement in decision-making and reporting on practices) and each indicator consists of a set of reporting requirements specific to it

that are used to measure the extent of the bank's commitment (research sample) to reporting general disclosures and how to measure them can be explained as follows:

The requirements that have been disclosed / summary of  
\* the requirements 100%

#### 7- Baghdad National Bank, Babylon Branch:

The following Table (7) manifests the disclosed and undisclosed items for Baghdad National Bank, Babylon Branch, and Table (8) portrays the reporting rates of information related to other public disclosures of the bank during the research period (2021-2020) as follows:

Table (7): The disclosed and undisclosed items related to other public disclosure information for Baghdad National Bank, Babylon Branch for the period (2021-2020)\*

Year The criteria	Specific indicators for each paragraph	S	2020		2021	
			he requir ement s of the explan ation	ndisclosed requireme nts	he requir ement s of the explan ation	ndisclosed requireme nts
First: The company file	14. C ompany registration	1		0		0
	15. C ommerical relations and basic products and services	2		0		0
	16. A t the headquarters of the company	1		0		0
	17. D uring operations	1		0		0
	18. O wnership and legal form	1		0		0
	19. T he services of the company	1		0		0
	20. C ompany scope	3		0		0

	21. Information about employees and other workers	I	4		3		3
	22. 1 Torid series	A	1		1		1
	23. Changes in the company (size, structure, ownership, supply chain)	C	1		0		0
	24. 1-Mubadad and al-Manhaj al-Tahuti	A	1		0		0
	25. External initiatives	E	1		1		1
	26. Membership in associations	M	1		1		1
The total	(13) Index		1	3	6	3	6
Second: The strategy	(2) Indicator		2		2		2
Third: Ethics and integrity	1. Values of association, principles, norms and rules of conduct		1		0		0
	2. Mechanisms for obtaining advice and concerns regarding professional ethics		1		1		1
The total	(2) Indicator		2		1		1
Fourth: Involvement of interested parties	(5) Indications		5		5		5
Fifth: Reporting	(12) Index		1		1		1
Al-Majmu Al-Kali	(34) Index		4	4	2	4	2

\*The table was prepared by the researchers.

Table (8): The percentage of reporting information on other general disclosures for the National Bank of Baghdad, Babylon Branch, for the period (2020-2021)\*

Sunnah	2020	2021
First: The company file	30.233 %	30.23 %
Second: The strategy	%0	0 %
Third: Ethics and integrity	2.325%	2.325 %
Fourth: Involvement of	%0	0 %



interested parties		
Fifth: Reporting	%0	0 %
Al-Majmu Al-Kali Lal-Nasab	32.558 %	32.55 8 %

\*The table was prepared by the researchers.

Measuring the performance of the bank, the research sample: For the purpose of measuring the perspectives of the sustainable balanced scorecard, the following available data about the bank were adopted within the bank's annual report for the years 2020-2021 for the purpose of analyzing the four perspectives separately as follows:

1- Financial perspective: To measure this perspective, financial measures have been chosen which are compatible with the specificity of the financial field, especially the banking field.

Table (9): Financial indicators of the National Bank of Baghdad, Babylon Branch for the period (2020-2021)\*

Profitability indicators	2020	2021
The percentage of returns on assets	2.8	2.10
The proceeds of ownership	15.3	14.3
The net interest rate	25.2	19.11
Recurring profits	37.47	81.87
The ratio of the summary of defects to the summary of the principles	5.41	3.5
Indications of Al-Siwala		
Al-Saliwala percentage	0.8	0.812
The percentage of legal caution	3.6	4.1

\* The table was prepared by the researchers based on the bank's annual report.

The table and the analysis of profitability indicators elucidate the following:

- 1- The profitability ratio indicates that the bank achieved lower profits compared to 2020, which reflects an unbalanced performance in achieving its main objectives.
- It is noted from the liquidity indicators that the liquidity ratio increased in 2021 compared to 2020, which shows that the bank has increased its ability to meet withdrawal requests, but this will be at the expense of profitability as a result of the increase in idle uninvested funds. As for the legal reserve, one finds that its ratio also increased in 2021 compared to 2020.

2- Internal operations perspective: Table (10) shows the internal operations indicators for the research sample, as it is noted that all the ratios used in analyzing this indicator have achieved a decrease except for the resource employment rate ratio.

Table (10): Internal operations indicators for the National Bank of Baghdad, Babylon Branch\*

Indicators of internal operations	2020	2021
Resource utilization average	13.4	37.8
Average exploitation of deposits	21	70
The ratio of total expenses to total investments	95	98

\* The table was prepared by the researchers based on the bank's annual report

3- Learning and growth perspective: Table (11) shows the learning and growth indicators for the research sample, which indicate an increase in these indicators between the two research years, indicating an improvement in the bank's performance in the field of learning and growth.

Table (11): The learning and growth indicators for the research sample\*

Learning and growth indicators	2020	2021
Employee productivity	3146.183	5127.416
The ratio of the number of branches	0.027	0.05
The percentage of employees under training	0.1463	0.1548

The table was prepared by the researchers based on the bank's annual report\*.

Table (12): Sustainability indicators and financial ratios for the balanced scorecard for banks in the research sample for the period (2020-2021)\*

noun	The average ratio of the economic axis	The average ratio of the albiy axis	The average ratio of the social axis	The average proportion of the administration of governance	The average ratio of comparisons of other general statements	The average balance sheet according to the financial ratio		
						Financial meaning	The meaning of internal operations	The purpose of learning and growing
The use of Baghdad Al-Ahli branch of Babylon	46.30 %	8.33 %	18.11 %		32.558 %	108.186 %	167.6 %	4136.989 %

Through the table above, the ratios of sustainability indicators are compared with the financial ratios of the balanced scorecard as follows:

1- It is noted that the ratios of the Baghdad National Bank, Babylon Branch, vary between the sustainability indicators and the balanced scorecard, as in the economic axis of the sustainability indicators, and it achieved the highest ratio, which is 46.30% compared to the rest of the sustainability indicators.

2- It is noticed that the ratio of the learning and growth perspective of the balanced scorecard achieved a ratio of 4136.989% compared to the rest of the balanced scorecard ratios.

#### **The section four: Conclusions and recommendations.**

##### **Conclusions:**

1- There is a great need to know and understand the environmental factors affecting the banks and to know the costs of these factors through the development of mechanisms that contribute to increasing environmental awareness to reach more accurate results.

2- The necessity of providing integrated measures that work to link short-term operations with long-term goals to a sufficient extent to enhance the components of applying the balanced scorecard.

3- There is a possibility of measuring sustainability indicators and their relationship to the balanced scorecard of the Baghdad National Bank, Babylon Branch.

4- The highest percentage of the economic axis of sustainability indicators was achieved among the other axes and the highest percentage of the learning and growth perspective of the balanced scorecard.

##### **Recommendations:**

1- Raising the awareness among the investors of the importance of information and their right to obtain it and holding relevant parties accountable for any shortcomings in the event of concealing any necessary information.

2- Paying more attention to the subject of the balanced scorecard, conducting more research for various sectors, whether banks or companies, comparing the results to determine the best sector in the field of investment, and performing studies and researches on the relationship of sustainability indicators to the balanced scorecard and the role of the bank's board of directors in achieving profits and developing its future activity.

3- Training and educating employees on the importance of taking into account environmental and social factors when formulating performance strategies for banks.

4- Developing sustainability practices in banks and giving them the required attention by expanding specialized accounting systems so that the environmental and social costs have a place among their tabs and paragraphs, indicating the expansion of the scope of their applications.

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