

## **ASSESSMENT OF ECONOMIC PERFORMANCE EFFICIENCY FOR AL-BARAKA GRAIN MILLING COMPANY ACCORDING TO THE PRODUCTIVITY CRITERION FOR THE PERIOD 2016-2021**

**HAJIR BASIL MOHAMMED SALIH**

Department of Economics, College of Administration and Economics, University of Mosul, Mosul, Iraq.  
Email: jojo450407@gmail.com

**Dr. ANMAR AMEEN HAJI**

Professor, College of Administration and Economics, University of Mosul, Mosul, Iraq.  
Email: anmar\_ameen@uomosul.edi.iq

### **Abstract**

The flour industry is considered one of the distinctive biotechnological transformation industries in all countries, as it is a strategic industry linked to the food security of the state. Due to the importance of the flour industry and its association with the production of an essential commodity that meets the growing demand for flour in the local markets, this research has been dedicated to evaluating the economic performance efficiency of Al-Baraka Grain Milling Company in Dohuk for the years 2016-2021. The study aims to use the productivity criterion to assess the production reality, provide an idea of evaluating industrial performance, identify the importance of the company, and propose new suggestions to address weaknesses in the company's performance. The study assumes that it possesses technical and financial performance efficiency, and there are differences in the company's performance level during the study period. Furthermore, the study addresses the problem of the decrease in grain quantities received from the General Company for Grain to Al-Baraka Company, which in turn poses a problem to the company's ability to achieve its goals.

### **INTRODUCTION**

Evaluating economic performance in general and industrial performance specifically is considered distinctive and necessary, as it is one of the key tools for achieving economic and social policy objectives in all countries. Evaluating economic performance helps uncover and determine the level of success or failure achieved by an economic entity using productivity criteria. This includes Al-Baraka Grain Milling Company, which aims to achieve its goals, identify weaknesses, and overcome challenges to enhance its performance.

**Significance of the Study:** The importance of the study lies in the significance of the industrial sector and the type of product, which is considered a major sector in the national economy. Its importance is determined by its contribution to financial and economic activities using available resources to achieve high-quality and efficient production. Moreover, the study focuses on the significance of the product of Al-Baraka Grain Milling Company in meeting local demand. Therefore, it is essential to determine the profits, losses, and production volume that this industrial project may encounter, as well as the waste generated during the production process.

**Problem Statement:** The study addresses the problem of decreasing quantities of grains supplied by the General Company for Grain to Al-Baraka Grain Milling Company. This issue hampers the company's ability to achieve its goals, subsequently affecting its productivity, profits, employee wages, and other indicators.

**Research Hypothesis:** The study is based on two main hypotheses:

1. The company possesses acceptable technical and financial performance efficiency.
2. The study assumes the existence of differences in the company's performance level over the study years.
3. Evaluating the company's performance helps identify the causes of deviations and weaknesses.

**Research Objectives:** The general objectives of the study are as follows:

1. Provide a clear understanding and conceptual framework of evaluating industrial performance.
2. Identify the importance of Al-Baraka Grain Milling Company and assess its performance.
3. Use the productivity criterion to evaluate the company's economic performance based on available data and the nature of its operations, determining its efficiency and suggesting improvements.

**Research Methodology:** The study adopts an inductive and case study approach to achieve its objectives and validate its hypotheses using data and information obtained from the company's records. Additionally, theoretical frameworks and sources are used for coverage.

### **Scope of the Study**

1. **Geographical Scope:** Al-Baraka Grain Milling Company in Dohuk was selected due to its significant contribution to meeting regional food requirements as one of the prominent food industries in the area.
2. **Time Scope:** The study covers the period from 2016 to 2021, analyzing the data, economic indicators, cost analysis, and revenues of Al-Baraka Grain Milling Company.

**Study Structure:** To validate the research hypothesis and achieve its objectives, the study is divided into two sections: The first section introduces the concepts of evaluating economic performance, while the second section focuses on analyzing productivity indicators to evaluate the economic performance of Al-Baraka Grain Milling Company for the period of 2016-2021.

### **FIRST: CONCEPTS OF EVALUATING PERFORMANCE EFFICIENCY**

Before defining the concept of evaluating performance efficiency, it is necessary to understand the concept of evaluation. Evaluation refers to the estimation or giving value to a specific thing through a study that is conducted to determine its value. Evaluation is also defined as the

process aimed at measuring investment activities over a specified period, usually a year. It involves comparing what has been achieved by the economic unit with what was planned in terms of quantity and quality, using appropriate indicators to identify deviations and suggest ways to address them. The concept of evaluation also involves correcting and adjusting errors (Al-Burwari, Al-Araji, 2023, p. 3). On the other hand, performance efficiency is defined as a set of studies that seek to determine the ability and efficiency of an economic production unit in managing its various administrative, production, technical, and marketing activities within a specified time frame. It assesses the unit's ability to convert inputs into outputs of the required quantity, quality, and desired level by employing advanced methods and production in its field of work (Abdullah, 2014, p. 244). Performance refers to the ability of an investment project to achieve its intended objectives through the performance of productive, administrative, and intellectual activities, utilizing resources and employees to accomplish the goals of the investment project (Al-Burwari, Al-Araji, 2023, p. 4). The process of evaluating performance efficiency is a systematic test and periodic formation that reveals weaknesses and compares achieved results with predetermined targets, aiming to correct deviations and align the economic unit's performance with its goals (Al-Qadi, 2000, p. 7).

## **SECOND: IMPORTANCE OF MEASURING PERFORMANCE EFFICIENCY**

The importance of measuring performance efficiency includes the following:

1. Measuring performance efficiency is closely related to planning at all levels, whether at the sectoral or project level. It serves as a rational tool for decision-making, as it controls the previous production and project data, allowing decision-makers to compare projects and make informed decisions (Al-Najjar, 2006, p. 353).
2. Measuring performance efficiency ensures that production operations have been effectively completed at the end of a specified time period, aligning them with the intended tasks and predefined plans and programs (Al-Dulaimi, 2017, p. 45).
3. Continuous performance evaluation helps identify differences and weaknesses and facilitates their remediation.
4. Performance evaluation plays a crucial role in forecasting and providing clear and future-oriented insights into the economic project (Jassas, 2002, p. 8).
5. Evaluating the performance of economic projects identifies administrative and productive positions responsible for deviations from the planned objectives. By examining all indicators of the production process, it becomes easier for entities to apply the principle of accountability for their activities, whether for correcting deviations, providing guidance, or determining incentive rewards by comparing the achieved results with the planned activities of similar economic units (Al Adam, 2005, p. 200).

### **THIRD: OBJECTIVES OF EVALUATING PERFORMANCE EFFICIENCY**

The objectives of evaluating performance efficiency are as follows (Al-Najjar, 2006, p. 12; Jassas, 2022, p. 8):

1. Assessing performance efficiency helps identify the responsibilities of each center within the economic unit or department to uncover areas of malfunction and deviations, understand their causes, measure the production and productivity of each center, and identify its positive and negative aspects. This measurement also fosters a spirit of competition among departments and improves the overall performance of the unit.
2. Achieving control by comparing future plans and actual accomplishments.
3. Verifying productivity efficiency by assessing common elements in production.
4. Measuring performance helps provide the necessary accuracy for implementing investment projects, allowing management levels to identify their roles in implementing the project's economic plan and assess the feasibility of achieving the predetermined objectives.
5. Ensuring specialization efficiency and optimal use of economic resources.
6. Identifying the economic unit's goals, discovering faults, weaknesses, and deficiencies in its performance, and proposing measures and decisions to rectify the existing flaws.
7. Performance evaluation plays an important role in achieving economic coherence among various project activities, ensuring economic efficiency to avoid waste and financial extravagance.

## **Chapter Two**

Analysis of Economic Performance Efficiency Indicators Based on Productivity Criteria for Al-Baraka Grain Milling Company for the period (2016-2021)

### **Productivity Criteria**

- **Total Productivity:** This includes measuring the productivity of all production elements based on the data of Al-Baraka Grain Milling Limited for the years (2016-2021). The total productivity will be calculated using the following formula:  $\text{Total Productivity} = \frac{\text{Production Value}}{\text{Input Value}}$  Input Value = Capital + Commodities Input + Services Input + Wages and Salaries.

From Table (1), it is evident that the total productivity of Al-Baraka Milling Plant is considered high, as the company achieved its highest productivity in the year 2021, reaching a value of 116.95. This means that for every dinar spent as inputs in the production process, 116.95 dinars are generated as outputs from the production process. The lowest overall productivity for the company was in the year 2017, with a value of 73.31 dinars. Overall, the total productivity of the company, despite being high, has experienced fluctuations during the study years, as illustrated in the following table.

**Table 1: Shows the total productivity of Al-Baraka Company for the years 2016-2021 (in dinars)**

Total Productivity	Years
85.70	2016
73.13	2017
80.75	2018
104.38	2019
111.39	2020
116.95	2021

Source: The table was prepared based on the company's data for the years (2016-2021).

Partial Productivity: It refers to the productivity specific to each factor of production and is sometimes referred to as qualitative productivity. The reason for this is that this indicator is used to measure the productivity of each element of production individually and receives special attention from those responsible for evaluating performance efficiency, as it is considered a precise criterion for measuring productivity in industrial units.

- 1) Labor Productivity: Labor productivity is represented by the ratio between outputs (production value) and the labor factor, which is measured by the number of workers as an input to the production process. Therefore: Labor Productivity = Production Value / Number of Workers

From Table (2), it is evident that labor productivity in Al-Baraka Company achieved its highest productivity in the year 2021, with a value of 148 million dinars, and the lowest productivity in the year 2017, with a value of 93 million dinars. Overall, there was fluctuation during the study years, as illustrated in Table (2).

**Table 2: Work Productivity for Al-Baraka Company for the years (2016-2021) (in million dinars)**

Work Productivity	Years
109	2016
93	2017
102	2018
132	2019
140	2020
148	2021

Source: The table was prepared based on the company's data for the years (2016-2021).

- 2) Wage Productivity: Wage productivity is measured by dividing the production value by the wages of the workers. It represents what each dinar paid by the company to the workers achieves in terms of production value.

Wage Productivity = Production Value / Total Wages and Salaries

From the wage productivity criterion, we can observe fluctuations in wages and salaries according to Table (3) in Al-Baraka Milling Plant. The highest wage productivity was recorded in the year 2021, with a value of 135,566, and the lowest wage productivity was in the year 2017, with a value of 79,751. Therefore, wage productivity has experienced fluctuations during the study years, as illustrated in the following table.

**Table 3: Salary and Wage Productivity for Al-Baraka Company for the years (2016-2021) (in dinars)**

Salary and Wage Productivity	Years
80234	2016
79751	2017
89596	2018
133350	2019
128992	2020
135566	2021

Source: The table was prepared based on the company's data for the years (2016-2021).

- 3) Invested Capital Productivity: This indicator shows what the invested monetary unit produces in terms of the capital required to establish the company, including machinery, equipment, and production supplies.

Invested Capital Productivity = Production Value / Invested Capital Value

**Table 4: Capital account Productivity for Al-Baraka Company for the years (2016-2021) (in million dinars)**

Capital Account Productivity	Years
87	2016
74	2017
81	2018
105	2019
112	2020
118	2021

Source: The table was prepared based on Al-Baraka Grain Milling Company's data for the years (2016-2021).

## CONCLUSIONS

After completing the study on the evaluation of the economic performance efficiency of Al-Baraka Grain Milling Company Limited for the period (2016-2021), the following key conclusions were identified:

1. The process of evaluating performance efficiency aims to estimate and assess the performance achieved by Al-Baraka Grain Milling Company, which was measured using the criteria adopted in this study.

2. The evaluation of performance efficiency can be utilized to monitor the economic activity of Al-Baraka Company.
3. The results of evaluating economic performance efficiency can be used as a tool to identify imbalances and weaknesses in the production process within the company. Additionally, it can help identify strengths in the company's activities.
4. The flour milling industry is considered a strategic industry for any country due to its role in providing flour, which is the main component for bread production and is closely related to food security. Flour contains carbohydrates, proteins, minerals, vitamins, and fiber, all of which are essential components for human life. Therefore, this product has gained wide popularity among various social groups within the Iraqi state and other countries.
5. The total productivity criterion indicates that the highest overall productivity achieved in the company was in the year 2021, reaching 116.65. This means that for every dinar spent as inputs in the production process, 116.65 dinars are generated as output.
6. The partial productivity, specifically labor productivity, indicated that the highest productivity was achieved in the year 2021, with a value of 148 million dinars. The lowest labor productivity was recorded in the year 2017, with a value of 93 million dinars. Wage productivity also showed fluctuations, with the lowest productivity recorded in 2017 (79,751 dinars) and the highest productivity in 2021 (135,566 dinars).

## RECOMMENDATIONS

1. Emphasize the importance of performance efficiency by identifying strengths and weaknesses and addressing the company's challenges.
2. Restructure the operations of Al-Baraka Company by increasing production and reducing costs of non-essential production supplies that exceed the mill's needs.
3. Suggest conducting regular annual performance efficiency evaluations not only for this company but for all economic units, whether in the public or private sector.
4. Propose conducting future studies on evaluating economic performance efficiency, particularly in the field of food industries that rely on local inputs.
5. Establish an internal program within the company to facilitate the process of conducting performance efficiency evaluations for Al-Baraka Company, to identify and address problems and obstacles at an early stage and ensure their prevention in the future.
6. Pay attention to environmental considerations and operate in accordance with environmental regulations.
7. Recommend conducting a future study titled "Economic Feasibility Study of all Flour Mills in Dohuk Governorate."



**Sources: Books**

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