

Balanced scorecard: critical analysis

Tableau de bord Prospectif: analyse critique

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Abstract :

This paper draws the first conclusions of our research based on the intervention kind, concretized on the profit centers of a case we will call it later ; case X, belonging to a large multinational company, which operates in the aeronautical sector

In this context, it must be emphasized that this research falls within the framework of the constructivist paradigm of the Balanced Scorecard (BSC) design, and this by focusing on the problematic of the cause-and-effect model and its impact on the definition of the grids. Performance measure.

Keywords:

Balanced scorecard - cognitive - project management - causal mapping - performance management

Résumé :

Cet article tire les premières conclusions de notre recherche sur le type d'intervention, concrétisé sur les centres de profit d'un cas que nous appellerons plus tard; cas X, appartenant à une grande entreprise multinationale opérant dans le secteur aéronautique

Dans ce contexte, il convient de souligner que cette recherche s'inscrit dans le cadre du paradigme constructiviste de la conception du Balanced Scorecard (BSC), et ce en se concentrant sur la problématique du modèle de cause à effet et de son impact sur la définition de les grilles. mesure de performance.

Mots clés:

Tableau de bord Prospectif - Cognitif - Gestion de projet - Cartographie des causes - Gestion de la performance

Introduction

As part of the refinement of financial reporting, many thinkers have focused on the Balanced Scorecard, as an effective tool for communication of performance results, as well as to draw attention to the sensitive points, which must be observed closely. These authors, like Kaplan and Norton (1992), who are interested in these piloting tools, confirmed the need to support the implementation of strategies, through their "Balanced score card" model.

This tool appeared as a tool of choice for the decision-makers, or it allows them to translate the corporate strategy, into operational actions, and which can possibly be followed by the necessary measures, moreover the objective of Kaplan and Norton (2001) , was part of the alignment between strategy and action maintained by the operational.

The assembly of the BSC makes it possible to question the financial and non-financial effects of the phenomena which characterize the activity of the companies, all related in the direction of the overall performance of the company. Its presentation is defined on four axes, and which are:

- Financial axis
- Customer focus
- Internal processes axis
- Learning and innovation axis

And lately, a fifth axis is often questioned, given its transversality, it is well of the CSR axis (Corporate Social Responsibility).

Kaplan and Norton (2000) consider that the functioning of these axes should be concluded indifferently and independently, that being said, they are based on the multidemorial character of each axis, which often acts in different ways, and that is why they challenged other tools to support the implementation of BSCs, such as strategic maps.

This tool is a complex representation of all the phenomena and effects that characterize the company, and thus, it raises many questions including the continued and deliberate nature of the strategy, and of course the visions to adopt to implement the BSC , such as the normative vision.

And so, what are the factors that govern the deployment of strategic dashboards? What would be the impact of intervention research, to facilitate this deployment?

In the context of this article, we will deploy the intervention research deployment of a BSC within a profit center of our case, it is a worldwide leader in the aeronautics activity, but for

reasons for confidentiality, its name will not be revealed. It is also crucial to note that this paper, is part of a constructivist approach to the creation and deployment of strategic scorecards, which does not align with the initial vision adopted by the Americans, and thus, we will maintain our basic analysis, on the limits raised by (Atkinson et al, 2000, Noerrekli, 2000, Lorino, 2001, Bourguignon, 2002), and later we will be interested in the point of view of the constructivist trend in performance management based on dashboards, with a view to drawing the lessons needed to drive overall performance.

Literature review

1. The Constructivist Current of Deployment of Strategic Dashboards

As part of the constructivist approach, Kaplan and Norton announced that five principles must be adhered to, in order to better manage the factors that affect BSCs, and eventually, to adopt what they call "a strategy-oriented organization". :

- The translation of the strategy into operational and measurable elements
- The alignment of operational practices with the strategy
- The mobilization of all the organizational actors, to reach the assigned objectives
- The adoption of a standardization of internal processes, so that they align with the strategy
- Promoting the culture of change, through the leadership of top management

Through these principles, the organization will have all the necessary tools, to formalize deterministic processes, in order to achieve this desired alignment of the whole organization with the strategy. However, this questions the possibility of designing the BSC and the strategy at the same time, which can enrich the optimums of the organizational performance.

1.1. The BSC design models

1.1.1. Strategy as a starting point

Kaplan and Norton (1998) state in their previous papers that; "The Balanced Scorecard is first and foremost a tool to implement the strategy, not to develop it." and so, despite asserting that the natural outcome of the BSC would be, to help decision-makers in the standardization of the strategy, through the structured tools, but they also specify, that the position of the BSC is determined downstream of the formulation of the strategy, and based on this assumption, they

add as well, that the role of the BSC is consequent, for the achievement of the objectives assigned. In addition, they also indicate that the BSC relies on "strategic alignment", which enables it to achieve coherence and convergence of resources deployed on the strategy.

And therefore, the BSC model is instituted on an implicit representation of the strategic nomenclature. However, its intervention in the design of the strategy is marginalized, it indicates, that the strategy is considered as the starting point of the establishment of the BSC.

The role played by the decision-makers there is very decisive, since the strategy is above all a matter of decision makers, and afterwards it should be translated into operational actions. And this, by enrolling in a downward management process. And so, the objectives are fixed in advance, and around them, the translation of the strategy and the cohesion of these actions are organized. Minszberg (1994), indicates in this context; "A formalized procedure that aims to produce an articulated result, in the form of an integrated system of decisions." This planning is manifested, by decortifying the strategic process, into a sequence of sequenced phases, to integrate all the actions maintained as part of this planning, including the design and deployment phase. Minstzberg (1994, P.29), also indicates that the analysis of the planning phase is strongly advised to draw the necessary syntheses. The BSC model also aims at this decomposition, in order to master this strategic process consists. This reflection, involves all schools of thought that have studied the model of BSC, since the presentation of Kaplan and Norton of the latter, was part of the normative current of the strategy, Or, the model LCAG or Swot, are design schools, while Ansoff, are schools of planning, while Porter's portfolio matrices and work are more related to schools of positioning .. This leaves little room for maneuver, actors to build a culture of emergence, and they are content to put in place a deliberate process. As for simons (1995), it gives the management controllers a single mission in its typology of control levels; control of the planning and implementation phases of the strategy.

And therefore, the criticisms brought by Simons, are manifested by another representation of the control, as being, a stakeholder of the formulation of the strategy, which positions him upstream of the phase of planning and setting up.

Several theorists have presented ideas that align with this Simons assumption, and that stipulated that management control can contribute to the formulation of the strategy, such as (Mooraj et al., 1999, Litter et al. 2000). So the BSC following the Kaplan and Norton representation, needs to be adjusted to meet this new need, and so, these have recently indicated, that "new strategies often emerge within the organization". This new idea clearly

indicates that the BSC is no longer seen as a support tool, but rather as a tool for identifying and forming emerging strategies (Kaplan and Norton, 2001, P.337-338).

In this context, it should be noted that this new presentation rhymes with Mintzberg's hypotheses, and therefore it can be linked to Mintzberg's apprenticeship school (Mintzberg, 1994, Mintzberg et al., 1999). What states, that the processes are formalized, but also managed during the strategic alignment, as for Kaplan and Norton, they prefer to define a sequence of actions in continuum to set up the strategy of business. And this by highlighting, the mission of the organization, by the application of these values, and finally, by ensuring the proper execution of the predefined action plan. This temporal decomposition consists of sequential phases from the mission to the establishment at the level of the profit centers, crossing all the steps that lead to this objective.

However, it must also be emphasized that there are two important notes that make it possible to articulate the BSC:

- The vision: linked either to the vision of the decision-makers (leaders), or to the vision of the entire company, this concept was highlighted, following the strategic thinking.
- The strategy: as for this one, it allows to translate the wishes of the top management, in terms of vision, on the future of the activity, of the environment but also of the company itself (Filion, 1989 Carrière, 1990, Varrault, 1999), we can also relate to this concept, the strategic intention, given their likelihood, on the factorial level, as illustrated in the work of Hamel and Prahalad (1989).

However, their difference is based on the position on the sequence, which we presented at the top; since some authors position the downstream intention of the vision, in terms of the thoughts of decision-makers, in terms of the search for resources and actions to be undertaken. While the strategy according to Kaplan and Norton preceded the strategic intent of the decision makers, as it was envisioned on the BSC.

Based on this idea, the BSC is characterized by a vision and intent, and its success lies in the way in which the strategy is put in place, or the control must be exercised with caution, but despite all the studies that have been concretised on the subject, advance the idea of a stability of these variables.

1.1.2. The BSC as a basis for developing corporate strategy

The main lessons of the research intervention allowed us to take them back for our case X, where we will reposition the intervention of the BSC, before the implementation of the strategy. It turned out after our various exchanges with the management team of their Moroccan subsidiaries, that the vision and the beginning intention evolve jointly, and mounted a collective representation of the strategy. And during meetings of the board of directors, a new vision has developed of the confrontation of the representations of the different actors present. This allowed them to build a process from which all stakeholders gave meaning to their actions. And based on this case, we can draw the observations above:

- Vision and intent were supposed to be stable (Mintzberg, 1999) and malleable: they relied on a learning process, where stakeholders give meaning to their actions (Weick, 1979).
- Our intervention coincided with a new project of the group to reevaluate some profit centers, where their profitability was questioned.
- Starting from the thinking of Kaplan and Norton "the balanced scorecard is, strictly speaking, a tool for applying the strategy", (Kaplan and Norton, 2001, P.403), we intervened to confirm or deny if the BSC is positioned upstream of the implementation of the strategy.

Also, it should be remembered that among the weaknesses of the classic scoreboard, the organizational actors do not interpret them in the same way. The BSC therefore intervenes to align the actions to be undertaken, and finally, to create a consensus on the lessons of the strategy issued by the top management. And in this same context, we must emphasize the commitment of Kaplan and Norton on this hypothesis, since they have suggested that the implementation of the tool, could be simultaneously created with the strategy.

As part of this research on Case X, we did not commit ourselves solely to determining the degree of alignment and consensus of the actions undertaken, by the different stakeholders, but also, we wanted to test the taking into account of other stakeholders, often overlooked, such as the client and minority shareholders in the formulation of the strategy. The BSC was therefore a subject of many exchanges with the board of directors.

And as a result, the interest of the BSC is located around the processes of creation, feel and change that it defines within the company as on these steering tools. And so, the objective being to show that the implementation of the BSC is a phase that integrates the design of the strategy and the steering tool at the same time.

1.2. The implementation of the BSC, between co-construction and alignment of the action / strategy

1.2.1. The deterministic model of the implementation of the strategy

There are several approaches to implement the BSC, but Kaplan and Norton often relies their thinking on the "Top down" approach, it consists on supporting the piloting tool following a technical reference that must be followed in detail, that means , the declination of the strategy is concretized by the definition of a number of strategic indicators, and this by translating them into operational indicators, also, it is necessary to accompany this step, by a considerable effort of communication, to ensure the legitimacy of the 'tool. This deployment is often established when the management is in charge of the implementation of the piloting tool. Kaplan and Norton (2001, P.234) add that the interest of the communication is to make the whole organization understand the composition of each element of the BSC, to ensure the adhesion of all the actors in these orientations. and ultimately provide the necessary feedback on this strategy through this balanced scorecard. Similarly, they indicate that, the main objective of the BSC is to define the contribution of each actor to the achievement of the strategic objectives. However, Mendoza et al. (2002, p.166), point out that the misunderstanding of the BSC is necessary since difficulties can arise by all the staff.

This is why the authors advocate that it is "a global and shared vision" of the BSC that must be adopted, since the latter already integrates, in its dimensions, the communication strategy.

The BSC model is often presented as a top-down tool, both in terms of the communication of resources and the measures employed. This technocracy clearly appears as a normative process, and so it will not be very wise to adopt it to understand our case. But we are going to position ourselves more with the bottom-up approach, where the strategic orientations and the evaluation measures grid result from a management often qualified as participative, so, the strategy is implemented by the whole organization. stakeholders, and it is centralized in the hands of decision-makers. Therefore, we must consider rooting the implementation of the strategy. And this, by boosting the interpersonal relationships between the different organizational actors (Norreklit, 2000). And it is obvious to say that the resistance tends towards a very minimal level, since the commitment of the actors, is assured upstream, and consequently the redefinition of the methods of allocation of the resources is not conceivable.

1.2.2. The BSC, between construction and alignment action / strategy

The performance measurement system is a condition for the success of the BSC's interests, but the authors focus in the first place, at the design and implementation phase of this tool. As Piber (2001, p. 894) puts it, "the organization of the process is also a source of value creation". and therefore, the common point of view, emphasizes that the implementation of the BSC, follows specific steps, as indicated by Mooraj et al (1999, P 484):

- The strategic planning: which is defined just after the decision of the orientations, grids of measures of evaluationEtc.
- The implementation of the strategy: decortication of the BSC and monitoring of its implementation.

Nevertheless, the finding that these authors put in advance, that the decision-makers intervene only in the 1st phase, and thus, the elaboration of the grids of measures of follow-up of the performance, as Kaplan and Norton say it, "when the individuals are able to create their own personal dashboard is that we have reached the clearest mechanisms to match individual goals with the objectives of the unit ", (200, p.264). This approach reveals a downward logic of deployment, which encourages each actor, regardless of his hierarchical position, to adapt his personal objectives to the strategic objectives. And in the same context, it must be emphasized that this decomposition is very problematic, since the additivity of the performance measures is not always obvious, moreover, we can say the same thing to the adaptability of the measures at the low level. to those at the higher level.

At the same time, the BSC makes it possible to define the transversality character of these measures, with regard to their technical deployment. Thus, and as Mendoza and Zrihen (1999 P.108) say, "the existence of indicators specific to each area of responsibility contributes to the maintenance, or even the reinforcement, of partitioning phenomena". And from this, we can deduce that for some cases, which are at the same hierarchical level, the indicators, which are moderately independent, can lead to inconsistent conclusions, which can lead to a misunderstanding of the effects of their overlap. Thus, and as Mooraj (1999, P.481) puts it, there are less standardized approaches that participate in the BSC editing process. Ahn (2001) also indicates that the difficulty lies in finding an optimal solution to the problem of conjugation of measures as advanced by the leaders who develop the BSC. And in this context Lorino (2001), validates this hypothesis, showing that the studied objective becomes problematic, when it is badly structured, or when it interacts in an environment characterized

by effects impossible to measure, and consequently, the structure cause-and-effect becomes impossible to present.

In the second place, the question of routing of the measures and its interactions with the organizational actors intervenes, that leads us to a participation before their implementation? Indeed, the intervention of these actors is inevitable, to discuss the causes of the effects of the components of the company's performance, or to better define the inconsistencies that may be encountered on all maintained phases for mounting the BSC.

This part allowed us to critically review the deployment of the BSC, with a view to drawing conclusions, which will serve to better understand the field of strategic management control.

Analysis based on research intervention

2. The lessons of the constructivist paradigm of research on strategic scorecards

2.1. The lessons to be adopted by the companies: the forms of setting up the BSC

In this part, we focus on the factors that make it possible to set up a BSC.

2.1.1. Critical reading of the composition of the BSC

The analysis of the composition of the BSC revealed certain factors to be taken into account in its critical analysis, based on the enumeration of these perspectives that are directly or indirectly related to the representations of the interests of the various stakeholders of a on the one hand, and on the other hand their interaction.

And thus, the relevance of this enumeration of perspectives arises, since these are pre-established but also standardized (Lorino, 2001). And then, it would be wiser to rest this analysis on the construction of the consistency of the indicators used.

And in another context, the difficulty of validating the BSC model, following a cause-and-effect logic, must go through the determination of the cloud-type factors. As Piber (2001) points out, "the greatest strength of the BSC lies in the links between the different sets of performance drivers". So the modeling of these indicators is not an objective in itself, but the purpose would be to define areas where these inductors are refined, or the cause-and-effect relationships are characterized by a very high degree of reliability. And therefore the BSC will be interested in declining strategic maps, in a perspective of learning performance. Based on the lessons learned from the organizational learning theory, the BSC creates the necessary conditions for the emergence of the cause-and-effect relationship, by adopting the transversality factor of the performance measures.

2.1.2. Critical reading of the adaptability of the BSC

Following the work already done by the various authors, we adopted the six steps above, to accompany our case X, in its design mission of the BSC:

- Identification of strategic orientations
- The prioritization of these orientations
- Exchanges on the routing of cause-and-effect relationships
- Mounting strategic maps
- Development of strategic measures grids
- Targeting indicators / public concerned

This approach differs from that proposed by Kaplan and Norton, by the two factors above:

- The development of strategic maps is a significant step in the development of the performance measurement grid.
- The concretization of the decision-making process reveals the choice of the chains of performance.

This will enable decision-makers to have a common sense of the measures used, to ensure the understanding of all the actors of the strategic maps developed.

2.2. The BSC and its employability as a support for project management

The factors governing the establishment of the BSC depend on a number of elements of the environment, which are often related to the business sector of the company, and of course to its size, but also to the degree of mastery of its overall management.

2.2.1. The lessons learned from the case

Our methodology relied mainly on the retracement of the group's significant effects, as well as the decortification of their performance measurement system, by analyzing all the internal and external documents of the last four years. The purpose of this phase was to gather the necessary information to understand their data management circuits and management practices. This allowed us to mount a strategic and organizational diagnosis, which should lead to the setting up of the strategy. Once this stage has been completed, we have studied the

editing of causal-cognitive mapping, a relatively recent approach in management science, which finds its roots in the works of Axelrod (1976). .

This methodological choice is motivated, by modeling the thinking of all stakeholders, and by relying on the analysis of organizational behavior, it also allows to verify their reciprocity, following the editing of causal maps. collective.

In this case, it should be noted that the development of strategic maps has identified all priority areas of performance.

Conclusion

The assembly of the BSC is an opportunity to further develop the strategy-based measurement system. And in this context, it turned out that caution in the presentation of the grid of measures is required, given the variability of the thoughts of their designers and users, which can lead to inconsistent conclusions. One thing that imposes, exchange and consensus, on these measurement systems, and therefore, we can clearly qualify the bottom-up approach as the best way, to achieve this goal. And this can be motivated by its ability to deploy tools, such as cognitive mapping.

Also, it should be emphasized, that the main lessons learned from the intervention research in our case X; the interest in the interdisciplinarity of the team that manages the BSC.

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Annex: the routing of the phases maintained for the assembly of the BSC in our case

Nature and purpose of the exchange	Remarks
Meeting N ° 1 Development of the Strategic Dashboard and the BSC	- A posteriori analysis of the financial results - Explain the technical words to be used during the assembly project of the BSC - Coherence search for strategic and operational indicators Declination via predefined key success factors
Collective interviews	Analyze the structure of measurement grids
Meeting N ° 2 Definition of the strategy	Swot analysis and financial diagnosis
Meeting N ° 3 Presentations of observations and conclusions of the analytical work	Adaptation of operational measures to strategic ones
Meetings of all stakeholders	Implementation of the questionnaire sent to employees - customers - suppliers - minority shareholders
Meeting N ° 4 Steering Committee	Presentation of the collective causal map Choice of performance measures