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**THE BALANCED SCORECARD PROPOSED MODEL  
as a PERFORMANCE MEASUREMENT TOOL**

**Case: Algeria Post**

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## ABSTRACT

With more than 28,000 employees and a turnover of over 40 billion Algerian dinars, Algeria Post is considered one of the most important public service institutions that plays a vital role in the citizen's life, on another side these honorable numbers are offset by internal and external setbacks, workers strikes and citizens complaints about poor service, this contradicts the institution's ultimate goal "serving the citizen and facilitating his life".

Through a qualitative study and hoping to help Algeria Post managers correct the situation, we decided to create a Balanced Scorecard (Kaplan and Norton model) as a management control and performance measurement tool.

Using the Balanced Scorecard, we assessed Algeria's post performance according to four axes, and by performance indicators, we identified the goals achieved and others to be worked on.

**Keywords:** Management control, performance measurement, balanced scorecard, public service institution.

## RÉSUMÉ

Avec plus de 28 000 employés et un chiffre d'affaires de plus de 40 milliards de dinars algériens, Algérie Poste est considérée comme l'une des plus importantes institutions de service public qui joue un rôle vital dans la vie du citoyen, d'un autre côté ces chiffres honorables sont contrebalancés par des revers internes et externes, des grèves de travailleurs et des plaintes de citoyens concernant la médiocrité des services, cela contredit l'objectif ultime de l'institution "servir le citoyen et lui faciliter la vie".

A travers une étude qualitative et dans l'espoir d'aider les responsables d'Algérie Poste à corriger la situation, nous avons décidé de créer un tableau de bord prospectif (modèle de Kaplan et Norton) comme outil de contrôle de gestion et de mesurer la performance.

En utilisant le tableau de bord prospectif, nous avons évalué la performance d'Algérie Poste selon quatre axes, et par des indicateurs de performance, nous avons identifié les objectifs atteints et d'autres à travailler sur.

**Mots clés :** Contrôle de gestion, mesurer la performance, tableau de bord prospectif, institution de service public.

## ملخص

بأزيد من 28000 موظف و رقم أعمال يفوق 40 مليار دينار جزائري, يعتبر بريد الجزائر واحد من أهم المؤسسات الخدماتية العمومية التي تلعب دورًا حيويًا في حياة المواطن, أرقام مشرفة تقابلها من جهة أخرى نكسات داخلية وخارجية, إضرابات عمال و تدمير مواطنين من سوء الخدمة, مما يتنافى مع هدف المؤسسة الأسمى "خدمة المواطن وتسهيل حياته". من خلال دراسة نوعية و أملا منا في مساعدة المسؤولين بريد الجزائر لتصحيح الوضع قررنا إنشاء نموذج بطاقة أداء متوازن (نموذج كابلن و نورتن) كأداة لمراقبة التسيير و قياس الأداء. باستعمال بطاقة الأداء المتوازن قيمنا أداء مؤسسة بريد الجزائر وفق أربعة محاور, و بواسطة مؤشرات الأداء حددنا الأهداف المحققة و أخرى ينبغي العمل عليها.

**الكلمات المفتاحية :** مراقبة التسيير, قياس الأداء, بطاقة الأداء المتوازن, مؤسسة خدماتية حكومية.

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## LIST OF ABBREVIATIONS

**ATM:** Automated teller machine

**BNA:** Banque nationale d'Algerie

**BSC:** Balanced Scorecard

**CCP:** Compte-courant postal

**COVID 19:** Coronavirus disease of 2019

**EPIC:** Etablissement public à caractère industriel et commercial.

**FTTX:** Fiber to the x

**IT:** Information technology

**KPIs:** Key performance indicators

**LGOs:** Local government organizations

**PDCA:** Plan do check act

**RIP:** Relevé d'identité postal

**ROCE:** Return on capital employed

**SL:** Special line

**SSNPO:** Social services non-profit organizations

**TPE:** Terminal de paiement électronique

# **GENERAL INTRODUCTION**

Regarding the country's financial and economic situation, mainly the drop in oil prices compared to the years of prosperity or even so the worldwide damage caused by the pandemic namely COVID 19, the latter has shaken the economy of the world in every possible way and made it realize how fragile it can be, and in parallel with the political ambitions of the new Algeria, which seeks to raise the country's revenues apart from hydrocarbons and to gain the confidence of the people. By this end, raising productivity and profitability in both governmental and private institutions is a priority in order to flourish the country's economy.

Here comes the role of the management control to ensure that the strategy set on paper is running as planned, and reassure shareholders of their property by providing tools and methods.

Perhaps one of the most important things that must be checked is the performance of the organization, this is where performance measurement comes in handy as it helps the institution from the internal and external dimensions, whether by enhancing its competitive position and understanding its environment, or internally by identifying strengths and weaknesses, helping it implement and execute its strategies, and sometimes taking corrective actions.

In this regard Kaplan and Norton have introduced the Balanced Scorecard, which is a strategic performance management system, known as the best among researchers and the most used by companies; it has been proven suitable for the public sector as the financial aspect is not their only concern. The balanced scorecard is « A multidimensional performance measurement system that should serve as decision support for managers' .It includes indicators of progress and delay as well as internal and external indicators. It organizes the measures in a coherent system around four balanced perspectives: financial perspective, customer perspective, internal process, learning and growth ».(Kaplan. S & Norton. 2004, P186)

This method has revolutionized management control, by getting rid of the dependence on financial measures.

## **Research Objective**

In order to improve Algeria's Post overall performance, the management control systems established should be re-evaluated and its tools should be improved to ensure reactivity in the decision making and the measuring of the company's performance.

Our work consists of proposing a new approach to the performance management system at the level of Algeria Post by proposing a model of BSC according to the design approach proposed by Robert Kaplan and David Norton.

## **Research question**

It is in this context that we have deemed it useful to formulate the problematic of our study, as follows: **Is there a significant impact between performance and the adoption of the balanced scorecard?**

From this question, we can derive the following sub-questions to frame our research:

- What's a balanced scorecard? And what has led to its emergence?
- What are the different stages of implementing Algeria's Post balanced scorecard?

## **Research methodology**

In order to conduct our study, we opted for a qualitative approach, using documentary research, interviews and observation as tools for data collection.

## **Research field and relevancy**

Our internship takes place in Algeria Post, precisely in the general directorate located in Bab Ezzouar (Algeria Post headquarters), as students with strategic management background, and our desire to embody our gains on the field.

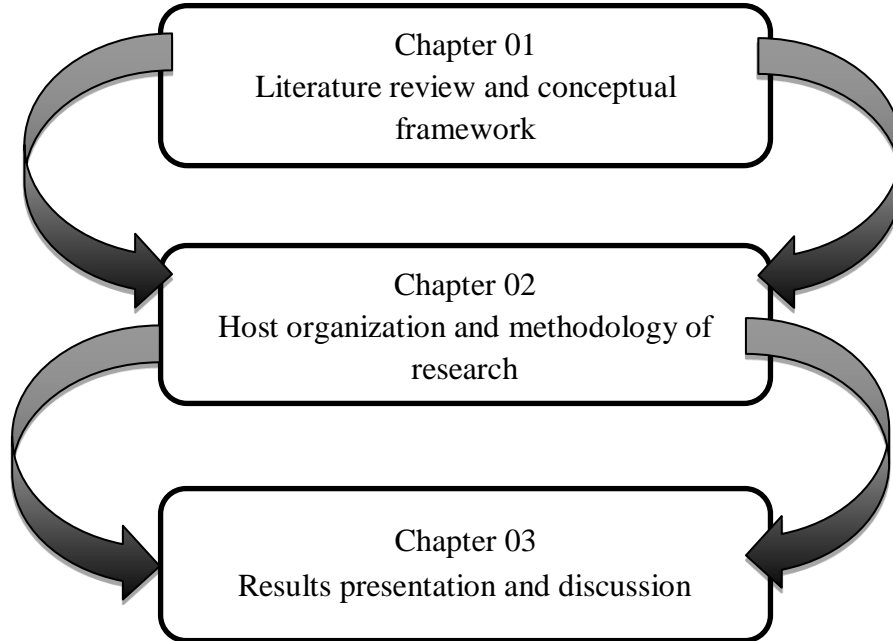
Knowing the situation of our public institutions, we have decided to choose the likes of it to apply some principles and propose some management tools, perhaps to improve its performance and eventually their returns, and change the perspective from being a source of expenses to a source of profits for the government.

Our ambition and our will, met with the ambition and desires of Algeria post administration.

## Research Plan

To answer our problematic and research questions, our work is structured as follows

**Figure 1:** Dissertation structure



**Source:** Done by us.

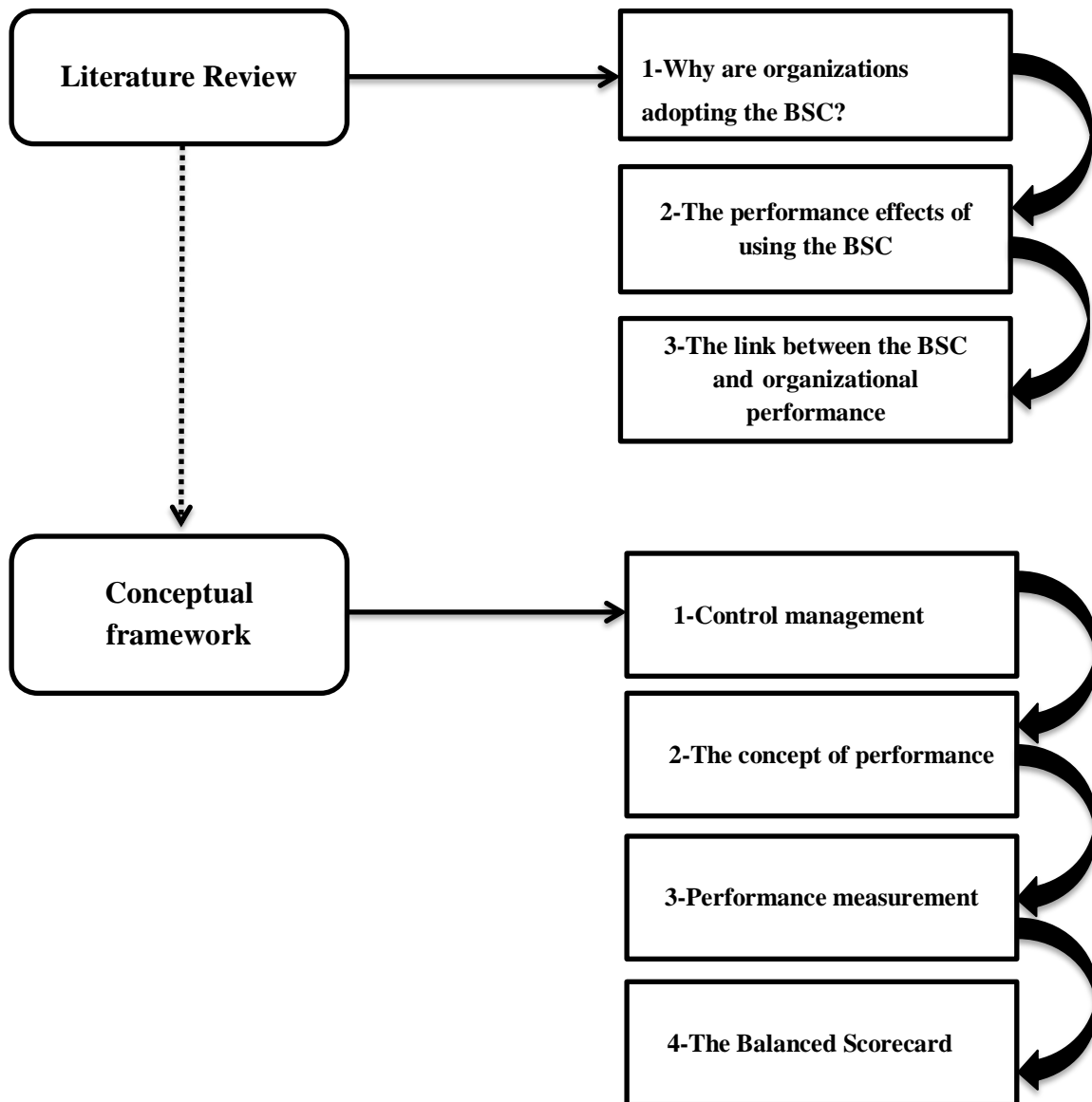
In the first chapter entitled literature review and conceptual framework where we will try to link the BSC to company's performance improvement and prove its usefulness, then a conceptual framework where we will present the main concepts of our research namely: Management control, performance measurement, the Balanced Scorecard.

The second chapter is dedicated to the presentation of the host organization and the methodology followed.

Finally, in the last chapter, entitled results and discussion, we will present the results of our study and the discussion of the latter and their interpretation along with the balanced scorecard model proposed.

# CHAPTER 01:

## LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK



## **I- Literature review**

This literature review provides an overview of performance measurement and previous research on the BSC, and its relationship with organizations' performance. It also shows the impact of integrating BSC on improving organizations' performance assessment.

### **1. Why are organizations adopting the BSC?**

It is important to determine the antecedents that lead to and support the adoption of the BSC, both because it provides valuable information and because it leads to better execution of organizational strategies.

(Singh & Arora, S. S, 2018, p. 876) Found that the main driving factor of adoption of BSC is Top Management Involvement, it can be concluded that Top management positively leads to BSC adoption because of its capacity to bring transparency in organizational working along with the ability to develop innovative corporate culture.

(Ittner & Larcker, D. F., 1998, pp. 205-238) Identified two major reasons why organizations are adopting multi-criteria performance evaluation systems like the BSC containing both financial and non-financial perspectives:

Firstly, the limitations in traditional performance measurement techniques: it is believed that the traditional accounting measures are focusing on past actions, lack the capability to predict and explain future performance, do not have the ability to cope with new business changes, are too aggregated and summarized, reflect functions rather than cross functional processes, and provide inaccurate information.

Secondly, competitive pressure: many organizations face changes to the surrounding operating environments, which in turn encourage managers to search for new techniques for evaluating and controlling operational performance. In order to be successful in the new competitive environment and cope with the nature and strength of competition, organizations have to take into consideration non-financial perspectives.

(Malmi, 2001, pp. 207-220), stated that the advantages behind adopting the BSC are:

Taking actions to accomplish strategy, dealing with organizational fluctuations; applying for quality programs, coping with managerial changes; and eliminating the traditional financial plans control.

(Rickards, 2003, pp. 226-245) mentioned that applying the BSC improves the quality of the organization's control system in four ways:

First, the BSC integrates several management principles in one instrument by choosing suitable variables. Second, BSC includes a broader view than focusing on analyzing historical financial data. Third, BSC ensures that top management's strategic goals infiltrate the entire enterprise. Finally, BSC provide information that makes progress toward goal attainment clear.

## **2. The performance effects of using the BSC**

An important question in the research literature is whether or not the use of the BSC has an effect on organizational performance:

Proponents of the BSC concept propose that applying this technique has major consequences in terms of enhancing organizational performance. The literature has shown that applying the BSC in an organization has both direct and indirect effects on its performance. Furthermore, (Singh & Arora, S. S, 2018) stated that "consequences of adoption vary from no effect to slight indirect effect and of course to clearly evident effect".

In regards to the direct effects of applying the BSC on performance remains in doubt. Numerous studies have identified that applying the BSC in an organization plays a leading role in improving organizational performance by enhancing the effectuation of organization's strategy and using strategy maps (Lucianetti, 2010, pp. 21-36)

On the contrary, other studies have shown that it is hard to prove the association between application of the BSC and organizational performance because of the various variables that mediate and moderate this relationship. (De Geuser, et al, 2009, pp. 96-121)

(Khozein, 2012, pp. 38-46) Showed that there are numerous benefits of implementing the BSC in organizations, as it provides better strategic planning, enhances strategy communication within all levels of the organization, and provides management with accurate information and financial reporting. However (Madsen & Stenheim, T., 2015, pp. 24-41) stated that to a large extent, the consequences of using the BSC depend mainly on how the concept has been interpreted and implemented. For instance, there will undoubtedly be different effects from implementing the BSC as a performance measurement tool rather than as an organizational strategic management tool.

It has been shown that applying strategy maps can enhance organizations' performance, as organizations that have a comprehensive process associated with the improvement of strategy maps will possess a better fit between the BSC and their strategy. One of the most significant faults in applying the BSC, which may have a negative effect on performance, is the inclusion of excessive and unrelated performance measures.

As for the indirect effects of applying the BSC on performance, a number of interview studies with organizations' managers have revealed that managers perceive various advantages of applying the BSC. For instance, (Lesáková & Dubcová, K, 2016, pp. 39-48) argued that applying the BSC increases the loyalty of both customers and employees who are targeted for the increase of value. Furthermore, a significant impact of the cause-and-effect relationship within the strategy maps is the increased possibility of achieving the organization's strategic objectives. In turn, this can be beneficial for facilitating strategy explanation and communication within different organizational levels: either top-level managers or employees. Additionally, strategy maps provide guidelines on how the members of the organization should operate in order to achieve the long-term strategic objectives. Therefore, it is anticipated that the application of the BSC, especially the implementation of strategy maps, will be helpful in achieving and enhancing the actual strategy work.

(Ibid.) Summarized the indirect benefits of applying the BSC as follows: increase understanding of customers' requirements, support decision-makers by providing them with accurate and comprehensive information about performance indicators, eliminate communication difficulties between departments, and improve management by providing

more effective planning of time and resources, and increase focus on the important tasks for implementing strategy.

### **3. The link between the BSC and organizational performance**

In the analysis of the relationship between the use of management control tools and performance, the dashboard represents a little-explored perspective. Even though the advent of the BSC has enriched the debate on the use of the dashboard, in our opinion, its impact on performance is little studied. Around the world, studies have been conducted to test the effectiveness of the BSC in public organizations that have already implemented it or are in the process of implementing it. They are grouped into two categories:

The first category includes studies that have investigated the relationship between the use of the BSC and performance, whether it is a positive or negative relationship. The second category includes those that analyzed the process of implementing and using the BSC to identify future benefits.

#### **3.1 Empirical studies that have found a positive relationship between the use of the balanced scorecard and organizational performance:**

Many researchers have tried to highlight the relationship between the use of the balanced scorecard and the performance of the organization by observing its impact on organizational performance.

Using the case study method in a tourism organization, (Kartalis, 2013, pp. 413-422) analyzed the theoretical and empirical concepts of the BSC technique, its strengths and weaknesses and the hierarchical steps required to implement it in a specific sector or industry. The findings revealed that BSC is applicable as a performance measurement for an industry in Greece.

Based on one of the nonfinancial perspectives of the BSC, namely the internal business Process Perspective,(Weerasooriya, 2013, pp. 125-137) used the BSC to examine eleven of the fifteen universities in Sri Lanka. The sample size for this study includes all management

faculties in Sri Lankan Universities. A thirty-item questionnaire was applied to obtain data from the heads of each department in every Management Faculty. Items were on a Likert Scale and the data were tested using the Statistical Package for Social Sciences.

The outcomes of this study can be applied to improve strategic plans for the management faculties in each university and promote the achievement of organizational objectives through Internal Business Process activities. Moreover, a high percentage of staff members recognized the importance of establishing an awareness program about the BSC.

Another study applied in Turkey was conducted by (Erbasi, 2014, pp. 191-205) it aimed to set up an effective performance assessment model using the BSC for small municipalities.

The BSC was used as a strategic management technique and applied to data from three municipalities in Konya in the Central Anatolia Region of Turkey. The results of the study highlighted the importance of applying the BSC model in all municipalities in Turkey.

Since sport is considered one of the most important sectors managed by the government in Turkey (Ekmekçi, 2014, pp. 754-761), applied the BSC approach to the Ministry of Youth and Sports as a strategic management technique. This study aimed to assess the Ministry's strategic plan based on both the financial and nonfinancial perspectives of BSC. The indicators of BSC techniques were defined using the mission, vision and strategic objectives. Finally, the results were assessed. The outcomes revealed that in order to improve performance status, sports organizations should apply BSC.

(Dimitropoulos, et al, 2017, pp. 362-379) Demonstrated the usefulness of the BSC in a public non-profit sports organization in Greece. The findings showed that implementing the BSC set the basis for effective performance management by improving staff skills and abilities, as well as enhancing the quality of the services introduced.

In Algeria (Hocine & Dadene Abdelghani, 2021, pp. 768-791) tried to test the contribution of Balanced Scorecard (BSC) on Strategic performance evaluation in building materials industry institutions in Algeria, the outcome was that the dimensions of the balanced scorecard effectively contribute to evaluating the strategic performance and therefore there is a

possibility to include it as a mean of measuring and evaluating the performance of these institutions.

### **3.2 Empirical studies that have found a negative relationship between the use of the Balanced Scorecard and organizational performance:**

(Kong, 2010, pp. 284-304) Studied the usefulness of the BSC in the identification and improvement of intellectual resources in nonprofit organizations.

The results showed that the BSC is less effective in these types of organizations because the strategic cause-and-effect model with its four linked perspectives is incompatible with the social service environment of not-for-profit (SSNPOs), The authors concluded that although it includes financial and non-financial indicators in a strategic management system, it does not take into account aspects of SSNPOs' strategy, including the social dimension.

(Deryl. N., 2012, pp. 166-191) Conducted a recent study that specifically relates the utility of BSC implementation in public organizations. The methodology used was the administration of a questionnaire distributed by mail to public sector managers. This was specifically addressed to local government organizations (LGOs) in New Zealand. The results obtained show a low adoption rate of the BSC in the LGOs studied. In addition, the perceived usefulness of the BSC is dominated by its role as a performance measure rather than as a tool for performance management and improvement.

### **3.3 Empirical studies that have targeted the implementation of the BSC:**

Several examinations of the implementation of the BSC in public organizations have shown similar results. These studies have indicated that the BSC can be successfully implemented in these organizations. Indeed, it is the conditions of its implementation that determine its success.

(Assiri, et al, 2006, pp. 937-952) examined the reasons for the success of the BSC implementation. They established a questionnaire distributed to senior and middle managers in 103 organizations worldwide. The results obtained showed that there are 27 factors, grouped

into three categories that influence the success of the implementation of the BSC within organizations.

There are 3 dominant factors (identification of the perspectives of the BSC, its team and the commitment of senior managers) 19 main factors (identify the vision and strategy, set objectives and measures, communicate BSC, etc.) and 5 supporting factors (integration, self-evaluation, finalization of measures, etc.). The authors believe that the results of this study are important for all organizations, regardless of size or industry sector, as they can help improve current BSC implementation practices.

(Bolivar, et al. 2010) Suggest that the adoption of the BSC as a strategic management is seen as a solution to many of the challenges faced by public organizations, the authors found that little practical experience on its development is available. In their research, they propose an overview process of developing a balanced scorecard for a public organization. This could identify the determinants and obstacles to its implementation. They have chosen to examine the implementation of the BSC in a public sector organization

The authors concluded that the BSC can be a non-prescriptive tool for the development of strategic control used by organizations that are seeking legitimacy to ensure their development.

### **Conclusion:**

It can be noticed that the implementation of the BSC approach in various industries has produced mixed experiences and remarks. Most of the studies recognized the importance of the BSC as a management technique that enhances organizations' performance assessment.

## **II- Conceptual framework**

Through the conceptual framework of our work, we will cover the most important terms that designate the content of our research, and help us to answer our problematic.

In this regard, we have divided this piece into four parts, according to a rational hierarchy of ideas and terminology.

The first part is dedicated to management control, which is the element that includes all the concepts of our research. Next we will illuminate the concept of performance and performance measurement.

Finally, we will shift the focus on the Balanced Scorecard. In an attempt to understand it, we will present the theoretical foundations, explaining then the difference between the standard and the public sector model.

### **1. Management control**

In order to better understand the scope of management control, we will present the evolution of management control, definition, objectives and its main tools.

#### **1.1. Management control evolution**

Management control was born of both an environment that made it necessary or useful and a set of tools that made it possible.

In fact, management control is based on the structure of the organization and the objectives of the activity.

As the dynamics of the functioning of companies are understood by the theories of organizations and taking into account the macroeconomic evolutions, it is possible to identify three periods and three fields of action for management control

First period: The production function is a priority and it is necessary to know the costs in stable structures and a certain context in order to respond mainly to operational control concerns.

Second period: all the functions of a large organization must be measured and controlled, with individuals who need to be made accountable. Management control organizes budgets by function and calculates variances to put the entity under pressure.

Third period: organizations must manage the interaction of diverse activities within and outside their borders, with financial, but also social and environmental objectives. This complexity leads management control to manage global performance relying on quantitative and qualitative indicators, to create tools to manage flows and motivate actors. (Alazard & SEPARI, 2016, pp. 9-10)

## **1.2. Management control definition**

Defining management control is a particularly difficult exercise, given the wide range of practices within companies and the concepts set out in various books and articles.

In any organization, management control is used for the deployment of strategy as well as its execution by all its members. Influenced by behavioral trends, modern management control has expanded beyond its traditional functions described as instrumental, to become a global tool for managing organizations.

Several definitions have been given; we have retained the definition of:

(Laurent CAPPELLETTI, et al. 2014) Management control is an essential function for all companies and organizations whose objective is to ensure that resources are used effectively and efficiently, in line with the desired strategy.

(Beatrice & Francis grandguillot, 2015) Management control is defined as the management of the company's performance. It aims to achieve the objectives that the company has set itself according to a specific strategy, while seeking to optimize the means used. A regular analysis of the differences between achievements and forecasts allows corrective measures to be taken, to adapt to unexpected evolutions. Management control is an aid to decision-making.

An efficient management control system must be adapted to the specificities of the company:

- Activity
- Structure

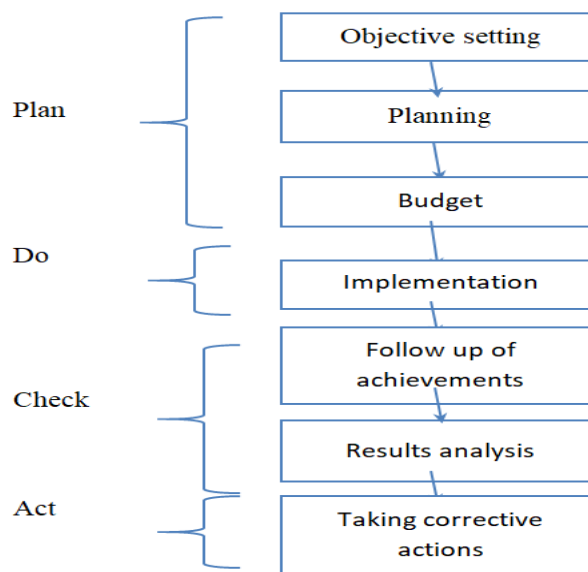
- Culture
- Economic and technological environment.

It requires the involvement of all managers, regardless of their hierarchical level.

### 1.3. Management control as a process

Management control can be seen as a process, a «loop». It is a cycle summarized in four essential steps:

**Figure 2** : Management control in four steps



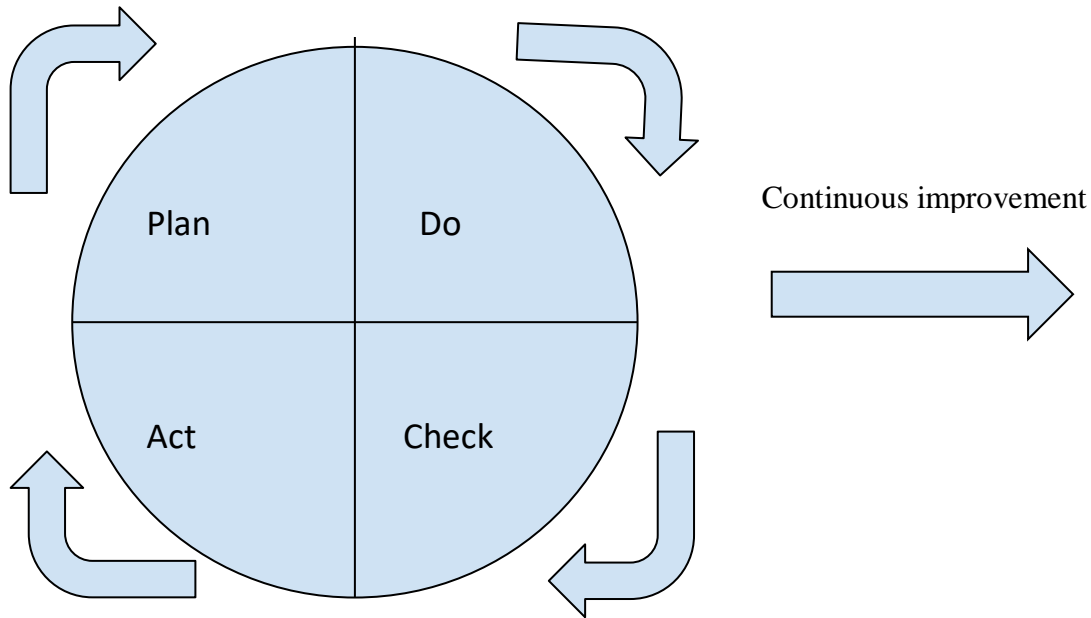
**Source:** Hélène Löning et al., « Le contrôle de gestion: organisation, outils et pratiques », 3e édition DUNOD, Paris, 2008, P.03

Management control is based on a process (setting objectives, planning, implementing, monitoring achievements, analyzing results, taking corrective action). It starts with the setting of objectives that managers should strive to achieve, meaning: the mobilization of resources available to managers to achieve results in line with the objectives. This is an essential part of the learning process, to be translated into corrective actions integrated into the "planning" of the next cycle. These "corrections" most often concern the actions to be taken, the means to be

These "corrections" most often concern the actions to be carried out, the means to be

implemented and the way in which they are to be carried out, but may, in extreme cases, call into question the objectives themselves.

**Figure 3 : Deming wheel**



Source: Hélène Ioning et al., op.cit, p 04

The famous "Deming Wheel" was popularized by William Edwards DEMING, Promoter of the quality made in Japan. This method presents the 4 phases to be followed successively in order to be sure to register in the logic of continuous improvement.

⇒ **Plan**: plan and prepare the work to be done. Establish the objectives,

Define: the tasks to be performed.

⇒ **Do**: to do, to realize, and to execute the planned tasks. It can be interesting to limit the scope of the tasks to be carried out in order to have better control (Choice of means and transformation of objectives).

⇒ **Check**: check the results. Measure and compare with previsions.

⇒ **Act**: act, correct, make the necessary decisions. Identify the causes of deviations between what was achieved and what was expected. Identify new points of intervention, redefine processes if necessary, (management accounting).

#### **1.4. Management control objectives**

Generally speaking, the main goal of management control is to bring the company towards the ultimate objective of its organization. Its role is to ensure elements that shape up this organization make the best possible contribution to the achievement of its objective and to help the operational staff to reach together the goals aimed at by the company in good conditions of efficiency.

It aims to ensure the following objectives (ALAZARD & SEPARI, 2010, pp. 20-21):

##### **Company performance**

In a complex and uncertain environment, the company must constantly refocus its objectives and actions. The management of performance must be compromised between adapting to changes and maintaining organizational coherence in order to make the best use of resources and skills.

Management control must optimize quality, cost and deadlines by using all the problem-solving tools such as process analysis, quality management tools; it must also help to manage the social performance variables required by stakeholders.

##### **Continuous improvement of the organization**

To make the best use of resources and skills, the company must manage its organization as a strategic variable. The structuring by processes seems to be a relevant way for performance; it consists in dividing the organization into operational and support processes in order to modify and improve those that are not profitable.

Management control can help formalize these processes and, above all, measure the costs of these processes in order to determine the margins and the possible leverage of added value

##### **Taking risks into account**

In performance management, corporate governance and risk are becoming inseparable and it is necessary to know the impacts of a company's activities on its stakeholders by integrating the risks related.

## 1.5. Management control main tools

Numerous decisions are made daily in companies at all levels to manage their performance. To do so, managers develop and use decision support tools. In this context: (Leroy, 1991) proposes a classification of management systems in the nature of the information sought and the level of intervention in the managerial process. To do this, he distinguishes three functions or roles of these tools, which allows us to identify their evolution:

**Forecasting tools:** Their role is to study the future and to take an interest in it according to opportunities and know-how.

**Traditional tools (achievement monitoring tools):** They allow the interpretation of deviations and the taking of corrective decisions.

**Modern tools (support tools):** They observe performance and tend to provide explanations.

### 1.5.1. Forecasting tools

#### ⇒ The plan

Oriented towards medium- and long-term management, it allows us to move from a general reflection on the business and strategies, to a formalization of objectives, actions and necessary resources.

The strategic plan: Represents the logical continuation of a business plan which is the strategic planning

The operational plan: the translation of strategic choices into action. It quantifies objectives, gives a financial translation of the means necessary to achieve them, defines the actions to be taken, measures their profitability and presents the main performance indicators to monitor the execution of the action plans.

#### ⇒ The budget

The budget is: « the quantitative accounting and financial expression of an action program for a given period of time. The budget is drawn up with a view to planning future operations and to control the results obtained after the fact». (Ménard, 1994)

The budget is therefore the monetary expression of the organization's objectives.

### 1.5.2. Traditional tools (achievement monitoring tools)

#### ⇒Analytical accounting:

Also called management accounting, is a part of the company's management information system, whose primary role is to help managers and operational staff to define the relevant objectives and to meet them.

(Martinet A, 2000, p. 92) defines it as «a system for recording and processing information allowing an analysis and a control of the costs in the company by reclassifications, grouping, breakdowns, subscription, calculation of expenses... using elementary accounting information, whether corrected or not »

#### ⇒General accounting:

General accounting is a management tool that allows the recording, classification and analysis of all the operations carried out by the company. These are the operations of purchase, sales, borrowing and lending, salary payments and supplier credits.

The definition given by the general chart of accounts: «accounting is a financial organization system for entering, classifying and recording basic numerical data and to present statements reflecting a true and fair view of the assets, financial position and results of the entity's assets, financial situation and results at the closing date». (Davas H, 2011, p. 12)

#### ⇒Dashboard (Tableau de bord):

A dashboard is a visual decision support tool developed to provide clear and concise information about the organization's performance at a quick glance for comparison to a predetermined goal or standard. It should provide executives and managers the ability to make informed data-driven decisions in a more timely manner, according to (Bouquin, 2001, p. 115) «is a decision support tool and a set of indicators designed to allow managers to become aware of the status and evolution of the of the systems they manage and to identify the trends that influence them over a horizon consistent with their functions ».

### 1.5.3. Modern tools (Support tools)

#### ⇒Benchmarking:

According to (Pierre, 2011), Benchmarking is a continuous process of measuring the performance of a company's products, services, or processes against those of another business

considered to be the leader in the industry. The reason behind is to identify internal opportunities for improvement. It can be defined as a process for evaluating and improving performance.

**⇒The Balanced scorecard:**

Will be discussed later.

**⇒The ABC method:**

The ABC method is particularly relevant to sectors in which indirect costs are important. It studies the management of costs by activity within the framework of a transversal approach oriented on the business process. The objective of the ABC method is to identify actual cost factors and potential savings and to improve the profitability of products and customers. To do this, it analyzes the company's transversal processes by setting up indicators revealing the level of costs and margins.

## **2. The concept of performance**

The concept of performance is used daily in all sectors of human activity. Children must "perform" at school, adults must perform at work and exceptional performances are expected from athletes. And we hear that non-performing organizations, especially in a globalized world, are doomed to disappear.

### **2.1. Performance definition**

Performance is one of the management terms that have wide and duplicative meanings in terms of concept and terms of measurement indicators. Most researchers associate performance with the measure by the level of achieving objectives on one hand, and the measure of economy in the use of its relatively scarce resources on the other hand. In other words, performance is reflected in the levels of efficiency and effectiveness achieved by the institution. Performance is related to efficiency and effectiveness together, because they are originally two interdependent aspects, so it is not possible to judge the institution that has achieved its objectives by high performance if this has cost a level of resources that exceeds its competitors, Nor can the institution that has been able to employ all its resources without achieving or approaching the predetermined goals.

Performance is closely related to competitiveness, because performance from a strategic point of view expresses the ability of the organization to continue as desired in a competitive market and, therefore, it reflects the ability of the organization to embody its strategy and cope with competitive forces .Thus it includes the achievement of objectives, the use of resources, and the optimization of internal processes and satisfying stakeholders. (مزهودة, 2001, p. 87)

As (Bourguignon, 2000, pp. 931-941) defined it, performance is « the achievement of organizational objectives, regardless of the nature and variety of these objectives. This achievement can be understood in the strict sense (result, outcome) or in the broad sense of the process that leads to the result (action). It is multidimensional, like organizational goals; It is subjective and depends on the chosen referents (goals, targets) ».

It is also noted that performance is considered as “a connotative term”, its definition varies for each of us and according to the context .Performance can be (FNEP, 2005, p. 26):

- Achieving the objectives within the deadlines
- Obtaining the best costs
- Increasing the result and the turnover
- Profitability today and tomorrow
- Profitable growth
- Position in relation to competitors
- People who feel good about themselves in the right place
- The fruit of the work, more than the product or service delivered
- An accomplishment or an overcoming

## 2.2. Performance dimensions

Performance is broken down by distinguishing several dimensions (FABRE & CATHERINE THOMAS, 2007, pp. 27-30) :

⇒**Performance and the shareholder:** shareholders seek performance through share value and the distribution of dividends.

⇒**Performance and customers:** customers evaluate performance through their satisfaction with the value provided by the good or service they use.

⇒**Performance and employees:** employees perceive performance in terms of the way the organization works, the quality of working conditions and relationships; it is a matter of developing cooperation, motivation and involvement through incentives, and empowering the actors and generating organizational learning.

⇒**Performance and partners:** total performance depends on the local performance of each actor in the value chain. It is therefore a question of managing and optimizing flows rather than stocks. Managing the supply chain means managing flexibility and reactivity by an efficient and permanent exchange of information between the different stages, a dynamic management of flows rather than stocks.

⇒**Performance and the public:** for the public, performance means that a company must highlight its products, preserve the environment, and have an ethical and responsible behavior towards society.

⇒**Performance and quality system:** it is about respecting procedures to guarantee reliability, costs and deadlines of goods and services offered to customers. From these definitions, we can conclude that in order to be successful, a given entity must realize the best possible combination of value and cost, in other words, it must achieve satisfactory results while respecting and taking into account the resources at its disposal, without exceeding the budget .

## **2.3. Performance criteria**

The analysis of performance will be broken down into two main concepts: effectiveness and efficiency. The development of these two concepts is essential in the latter, as they can be presented as the problematic of performance because they are the object of confusion and even taken as synonyms.

### **2.3.1. Concept of effectiveness**

The term "effectiveness" comes from the Latin word "efficacitas" which means strength / virtue. In fact, an activity is considered effective if the results obtained are identical to the

objectives defined or that an action is effective when it produces the expected effect on a goal previously fixed.

Effectiveness is considered to be the quality or degree achieved in producing a set of desired effects. Thus, a producer is efficient if his or her goals are achieved, inefficient if his or her goals are not. (Fare, et al, 1985, p. 187)

$$\text{EFFECTIVENESS} = \text{RESULTS ACHIEVED}$$

### 2.3.2. Concept of efficiency

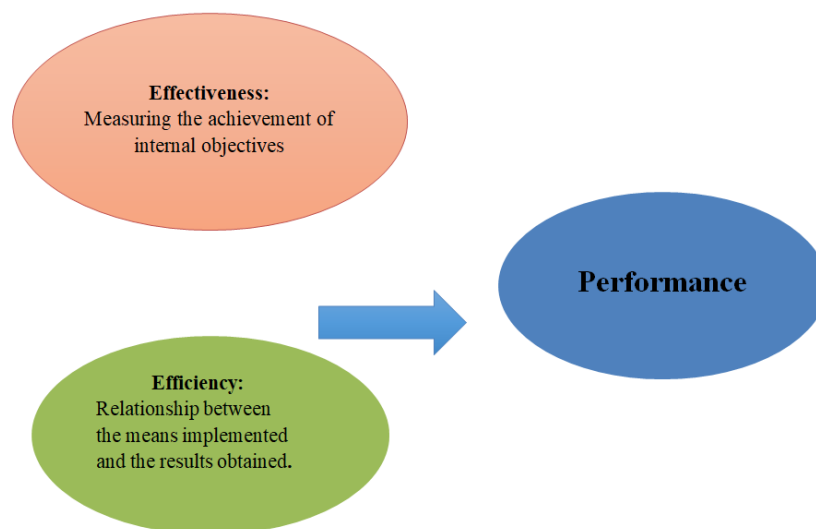
Efficiency is the maximization of the quantity of products or services obtained from a given quantity of resources. « Efficiency expresses the relationship between the objectives sought and the means to achieve them ». (Boislandelle.H.M, 1998, p. 140).

Summarizing the formula for measuring efficiency as follows:

$$\text{EFFICIENCY} = \text{RESULTS ACHIEVED} / \text{MEANS USED}$$

The concept of performance encompasses both effectiveness and efficiency. In short, if effectiveness is the achievement of objectives, efficiency is the best way to achieve them.

**Figure 4:** The concept of effectiveness, efficiency, and performance



**Source:** BESCOS P.L et AL, « Contrôle de Gestion et Management », Montchrestien, 4ème édition, Paris, 1997, p 42.

## **2.4. Performance typologies**

The notion of performance is difficult to understand in a simple way.

It is the key to managing an organization and can be approached from different perspectives (M & MEIER O., 2006, pp. 347-350) :

- ⇒ Unidimensional performance
- ⇒ Multidimensional performance

### **2.4.1. Unidimensional performance**

It's the performance approached in its financial dimension. A structure is considered to be performing well if it creates value for shareholders.

The financial performance is also given by the amount of profit or loss obtained for a monetary unit of equity contributed by shareholders and investors.

The determinants of financial performance must be adopted to the sector of activity, competitive environment and the strategy of the unit concerned (the company). In fact, the indicators of financial performance are:

- The increase in turnover (capital)
- Cost deduction and productivity improvement;
- Better use of assets
- Risk reduction

### **2.4.2. Multidimensional performance**

In contrast to unidimensional performance, multidimensional performance recognizes the plurality of partners in an organization and their objectives. Therefore, it seeks to measure the performance of the company as a whole and therefore to satisfy the requirements. Nevertheless, to ensure good management of its overall performance, the company must examine the different internal dimensions of this performance.

#### **⇒ Economic performance**

These are the results expressed by the accounting department and processed by the financial department. It mainly concerns the various intermediate management balances and the resulting ratios. These results are directly linked to the company's activity.

### ⇒**Technical performance**

In the modern literature, technical performance refers to the way in which the firm uses available resources, the degree of innovation in the management system, the production process and finally the products and services produced by itself.

### ⇒**Organizational performance**

According to (KALIKA, 1995, p. 340), organizational performance is defined as "measures that relate directly to the organizational structure of the company and not to its possible social or economic consequences".

This means that organizational performance measurement can reflect organizational concerns that the firm must address to avoid potential impacts on overall performance.

Within this framework, the author explained organizational effectiveness using four factors:

- Adherence to formal structure
- The relationships between departments
- The quality of information flow
- The flexibility of the structure

### ⇒**Business performance**

Commercial or business performance can be considered as the ability of a company to satisfy the needs of its customers by offering products and services that meet with the expectations of consumers. In this context, the objective of the company is to satisfy the needs of its customers in order to take into account the strategies of the competitors and by ensuring the conservation and the development of a better market share. To measure this type of performance, several indicators must be used, such as:

- Market share
- Customer loyalty
- Customer satisfaction
- Profitability per customer, per product, per market

### ⇒**Managerial performance**

This type of performance is understood to be the ability of the manager and the operational managers to achieve the expected overall performance.

### ⇒ **Strategic performance**

In the modern organizational structure, strategic performance is a primary objective. In order to achieve this, the company must set appropriate strategic objectives, such as quality improvement, the adoption of original marketing or the adoption of a more efficient manufacturing technology. In addition, the major concern is to communicate the strategic objectives to the staff and to ensure their transformation into operational objectives in order to achieve strategic performance.

### ⇒ **Social performance**

At the organizational level, social performance is often defined as the relationship between social effort and employee attitudes. However, this type of performance is difficult to measure quantitatively

In fact, social performance is achieved by reducing dysfunctions that can affect:

- Working conditions
- The organization of work
- Time management, which analyses the workload
- Strategic implementation

It should be noted that the main indicators of social performance are presented in mainly two criteria: social climate and employee satisfaction.

## **2.5. Performance indicators**

Performance indicators allow managers to monitor and verify the company's key activities. They also allow them to anticipate and prevent problems, and continuously improve the process, motivate the staff and work for the improvement and protection of the environment.

(MASANOVIC, 2010, p. 3) “Performance indicators are indicators whether measurable or not (qualitative), that reflect "states" that characterize an organization in terms of efficiency (budgetary means) and effectiveness (results).”

An indicator can be either qualitative or quantitative. In general, an indicator is identified with the achievement of a measurable result. However, some information is more valuable when it is qualitative.

Also, performance indicators are determined from the top of the hierarchy with the strategic objectives previously determined by the managers. The performance indicators are linked to the profitability of the company.

They focus on aspects such as: costs, quality, time and also the environment.

Therefore, a well-designed dashboard is composed of structured indicators (of performance), which help the decision-maker in the decision-making process, by trying to answer the following three essential questions (What? Why? How?)

### **Indicator typologies**

To correctly select indicators and specify their contribution, it is useful to refer to different typologies, which are the following (Demeestère, Lorino, & Mottis, 2017, pp. 84-86):

#### **⇒Result indicator and progress indicator:**

An indicator can either indicate the level of progress of an on-going action (progress indicators) or indicate the result of a completed action (result indicators).

#### **⇒Steering indicator and reporting indicator:**

A steering indicator can be used to inform action and support decision-making. This indicator must be linked to an action in a clear and precise manner.

#### **⇒Financial and non-financial indicators**

An indicator can be developed from accounting and financial data (rate of return on an investment, cost of a product) or from operational data extracted from other management systems (volume, stock, etc.).

#### **⇒Synthetic indicator and targeted indicator:**

A synthetic indicator is often quite difficult to interpret, given its multiple components, but it can cover a very broad field. On the other hand, a targeted indicator is much more directly interpretable for action, but it presupposes the prior selection of the right issues.

### **Forms of indicators:**

The most frequent instruments are deviations, ratios, graphs and turn signals (Alazard & Separi, 2007).

**⇒Gaps: Management control allows the calculation of a certain number of gaps.**

It is then necessary to identify the one that is of interest to the recipient of the dashboard.

**⇒Ratios: Ratios are reports of significant quantities of the company's operations.**

-A ratio alone has no meaning: it is its evolution over time and space that is significant;

-The nature of the ratios varies according to the recipient and its hierarchical level.

**⇒Graphs: They make it possible to visualize changes and to highlight changes in rhythm or trend. Their forms can be varied.**

**⇒Turn signals: These are limited thresholds defined by the company and considered as action variables, exceeding them forces the manager to act and implement corrective actions.**

### **Key performance indicators (KPIs):**

KPIs help organizations understand how well they are performing in relation to their strategic goals and objectives. In the broadest sense, a KPI provides the most important performance information that enables organizations or their stakeholders to understand whether the organization is on track toward its stated objectives or not. In addition KPIs serve to reduce the complex nature of organizational performance to a small, manageable number of key indicators that provide evidence that can in turn assist decision making and ultimately improve performance. (Marr, 2015). Therefore, a well-defined KPI: represents a concise set of information in a clear manner Two types of KPIs can be identified:

#### **- Leading indicators or indicators that determine the result:**

These indicators allow for real action to achieve the expected result. These indicators are generally difficult to determine.

#### **- Lagging indicators or outcome indicators:**

These are generally financial measures of results. They are backward-looking (past). This is the most common type of indicator.

To assess an organization's progress, you need to commit to the actions that really matter and prioritize them. And involve all departments of the company in defining the KPIs.

(A. Fernandez, 2013) proposed 5 recommendations for choosing a key performance indicator (KPIs), emphasizing that:

- A key performance indicator is necessarily associated with a specific objective.
- An indicator always leads to a decision.
- A KPI is never silent.
- A good KPI is simple in nature!
- A key performance indicator belongs to the person who uses it.

### **3. Performance measurement**

The real difficulty encountered by most companies is not to develop a strategy but to implement it. This difficulty is explained by the fact that strategic objectives are not easily translated into concrete operational objectives. The link between their action and the strategic objectives are not identified at the different levels of the company. Therefore, setting up a system of strategic measures is essential to ensure the steering and communication between these different levels of the company. The performance of a company can be measured by different methods, often complementary and above all convergent towards the same strategic values. Nevertheless, these different values attributed to it, makes performance difficult to identify, because the specificity of the context of each company, as well as the aspects that link it (cultural, socio-economic....) makes its definition very difficult and the way to measure it even more difficult.

#### **3.1. Performance measurement definition**

Performance measurement is the process by which management ensures that resources are obtained and used effectively and efficiently to achieve the entity's objectives, it is supported by an information system and is designed to control the management of an entity, to be able to measure and control the risks and performance analyzed in an environment subject to uncertainty.

It constitutes a set of control techniques, intended to ensure that the achievements of the different entities of the structure are in conformity with the standards established by each of them, and to apply corrections in the event that achievements deviate from the chosen standards. Performance can be measured:

**A priori:** It is the fact of measuring the progress of the objectives achievement and allow to react, and this, by corrective actions. This measurement is possible thanks to steering indicators.

**A posteriori:** it is about measuring the degree of performance achieved or the degree of objectives achievement. It can be done thanks to results indicators or reporting indicators. However, according to (Giraud F, et al , 2002, p. 21) performance measurement can be:

**Financial:** expressed in monetary units or linked to a financial aspect, such as profit.

**Non-financial:** expressed in non-financial units and not derived from transformation in monetary units.

### **3.2. Performance measurement principles**

The assessment of an entity's performance must be objective, real, simple and understandable. The introduction of a performance measurement system in order to empower and motivate actors is ambitious and tempting, but it must be surrounded by precautions. (Margotteau, 2001, p. 56)

#### **Principle of completeness**

Once a performance measure is introduced it must cover all elements of activity that can be monitored.

#### **Principle of controllability**

Performance measurement should only cover elements that are within the manager range. He must therefore control all the variables, the cost/performance related. This implies a delegation of authority and control based on results, the objectives of which have been set jointly beforehand between the parties. The delimitation of attributions and responsibilities must be unambiguous in order to avoid bias in performance measurement

#### **Principle of independence**

The performance measurement of the responsibility center must be independent from other centers. The results of one actor must be able to isolate the actions and decisions of other members of the entity in order to avoid transfers of performance from one center to another.

**Principle of duality**

The management controller can have a double performance system:

- An official instrument aimed at making the actor accountable by making him aware to a flattering indicator;
- An unofficial measure, but with relevant advantages based solely on the variables that are really under the control of the center's manager.

**Principle of permanence**

A dashboard must present indicators that are measured periodically, but have a certain longevity, allowing the monitoring and interpretation of changes observed.

**Principle of organizational coherence**

The performance measurement carried out must allow the attribution of responsibilities to the actors. This possibility is obtained by an overlap of the perimeters of the organization structure and the dashboards.

**Principle of clarity and limited selection of indicators**

The dashboard remains a tool that can be visualized quickly and therefore includes a limited number of information whose definition is known and precise.

**3.3 Performance measurement goals and difficulty**

So far, we came to the realization that the primary objective of performance measurement is to influence managers' behavior in two ways: by providing clear information on the nature of the performance and by setting up an incentive system around this measure. In this way, performance measurement informs managers and encourages them to "do better". It also motivates staff through a system of sanctions and rewards. Finally, it highlights the company's added value or the poor internal management.

In recent years, we have moved from a single-criteria performance model to a multi-criteria model that integrates the expectations of different stakeholders: shareholders, customers, employees or external parties.

The performance criteria and evaluation can also vary for the same stakeholder, depending on societal expectations, the level of expectations, the level of competition and, more generally, the company's context.

Performance measurement thus faces two obstacles: Identifying goals or objectives and reaching an agreement on the multiplicity of these goals. Thus, in some cases, there is a plurality of goals, sometimes contradictory, ambiguous, and non-explicit or even a conflict in the definition of the company's goals.

## **4. The Balanced Scorecard**

We will present the core element of our work, which is the Balanced Scorecard. What is it? Its main elements, its four axes, we will also present the differences between the standard model and the public sector model, and at last we will highlight the steps of its implementation.

### **4.1. The Balanced scorecard Theoretical Foundation**

#### **4.1.1. The Balanced Scorecard definition**

The balanced scorecard is a strategic performance measurement system, used to manage the company and to evaluate its performance by translating the strategy into concrete objectives for the executors. The balanced scorecard is not a simple collection of indicators but a structured set that deals with the global dimension of performance by integrating all the determinants of performance.

The BSC is defined by (Kaplan Norton, 1996, P186) as « a multidimensional performance measurement system that is intended as an aid to management decision-making. It includes lead and lag indicators as well as internal and external indicators. It organizes the measures in a coherent system around four balanced axes: financial perspective, customer perspective, internal process, learning and growth ».

The term "scorecard" signifies quantified performance measures and "balanced" signifies that the system is balanced between:

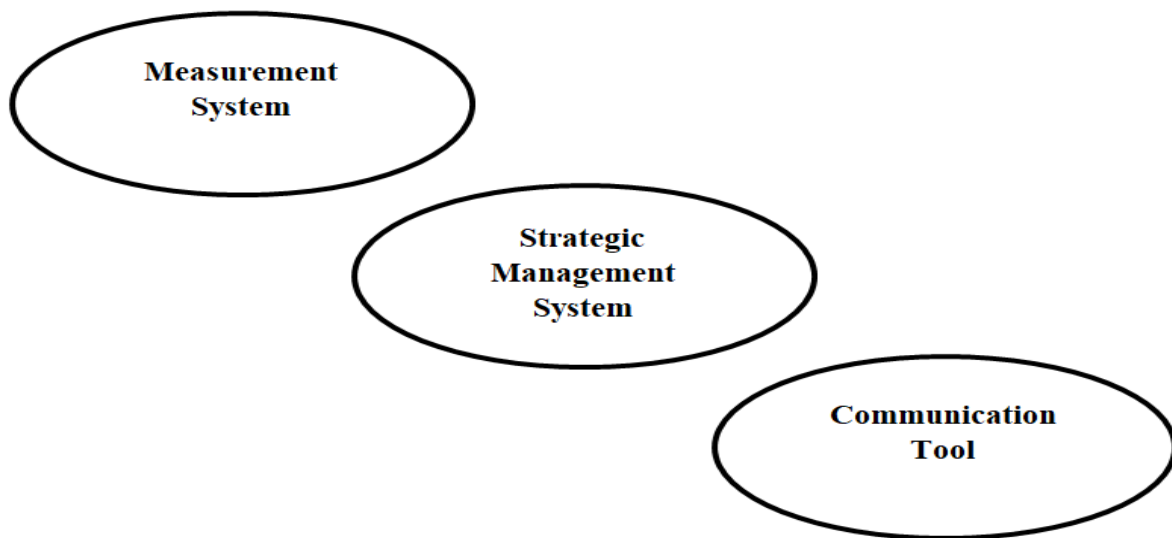
- Short-term objectives and long-term objectives
- Financial measures and non-financial measures
- lagging indicators and leading indicators
- Internal performance and external performance perspectives

The BSC is known as a flexible tool that allows a quick, simple and dynamic display of a set of performance indicators selected by the organization according to its objectives. It is then a way to collect important information for the manager to make the appropriate decision. The Balanced Scorecard is a management system that maps an organization's strategic objectives into performance metrics in four perspectives. <sup>(Mbatools)</sup>

It is usually compared to the driving dashboard, the latter giving us at a glance all the necessary information about the functioning of the car and guiding us in the right direction (Horngren et al., 2003).

(Claude Alazard, Sabine Sépari ,p427) have defined it as a set of indicators arranged in a monitoring system by a single team or manager to assist in decision-making, coordination and monitoring of the activities of a particular department. It is a communication and decision-making tool that enables management control to address the key issues of managing and piloting its function and improving its performance. (Paul R, 2006, p13)

**Figure 5:** What is the Balanced Scorecard?



**Source:** Balanced scorecard step by step Paul R.Niven p.14

#### **4.1.2. The Balanced scorecard Origin**

This part discusses how the BSC technique was introduced and how it evolved. For more than sixty years, the misleading outcomes and disadvantages of traditional performance measurement techniques have been discussed in the literature. Since the 1980s, these traditional techniques had been highly criticized by researchers and there has been doubt as to their usefulness to evaluate organizational performance. In this context, several reasons had been raised for not depending on financial indicators to assess organizational performance (Elbanna, Eid, & Kamel, 2015,p7).

Firstly, financial indicators can be easily manipulated and are short-term oriented, which in turn provides misleading information. (Atkinson, Brander Brown,2001, p128). Secondly, from the perspective of the competitive environment, financial indicators do not take into consideration strategic improvement and innovation activities (Sainaghi et al, 2013, p152 ). Thirdly, in some industries, especially hotels, financial measures are insufficient for evaluating performance, as these industries are customer-oriented (Kaplan , Norton , 2001,p1-8 ).

Finally, financial indicators do not take into consideration future issues and depend mainly on historical data. Hence, in order to have a holistic view of long-term performance, organizations are motivated to take into consideration non-financial perspectives when assessing their performance. To eliminate these pitfalls of relying on financial measures for evaluating performance, researchers have paid close attention to improving performance measurement systems. as such to cover the holes of traditional performance measurement techniques as it takes into consideration both financial and non-financial measures named” the Balanced scorecard” intended to provide executives realistic, timely, and reliable view of their business .

#### **4.1.3. The Balanced scorecard generations**

The widespread use of the BSC by many large companies. Contribute to the development of this tool. So much so that it was initially used as a simple tool for measuring operational performance and then gradually became an crucial strategic management tool.

##### **⇒ First Generation Balanced Scorecard**

It is also important to understand that Kaplan and Norton, from the beginning, viewed their Balanced Scorecard approach as a strategy tool and a management system. But most organizations have simplified the approach. They have taken the scorecard part to achieve a balanced set of measures. Thus, any description of the development phases must start with the simplest view: a balanced scorecard as a set of perspective measures. For simplicity, it is called first-generation thinking. (“Excitant”) . First generation thinking focuses on solving the control management problem.

It usually creates a simple collection of measures in perspective. The first generation scorecard is useful for operational measures, but it can poorly describe strategy and change. They are rarely balanced. They often contain very static measures. They are useful, as an operational tool. (Kaplan, Norton, 1996, p75-85)

##### **⇒ Second Generation Balanced Scorecard**

Second generation balanced scorecards address the management problem Giving measures that will drive and predict performance, The focus is on the few measures,

often referred to as KPIs that are considered important or will make the biggest difference. These are seen as leading indicators of performance. There is usually some form of cause and effect modelling that shows how these key performance indicators or measures drive improvement. Sometimes they have targets to which these measures are applied. If they include a performance model, it is usually a performance driver model. They start to reflect changes in operations and they describe what will drive performance. The second generation balanced scorecard is more selective than the first generation in their choice of indicator measures. The few measures are chosen to focus the organization's attention on the most important drivers of change or performance. (Kaplan, Norton ,1996,p12-16)

### ⇒ **Third Generation Balanced Scorecard**

Third Generation balanced scorecard address the management question How to implement strategy, systematically. They are not merely a set of indicator measures on a scorecard. It is a system of management. Third generation thinking is about systematic, methodical implementation of strategy. These strategic balanced scorecards cover what Norton & Kaplan is committed about strategy, its management and implementation.

There are different viewpoints on the third generation balanced scorecards. Norton & Kaplan's developments of their previous versions which, despite being generally unrecognized, focus on the articulation of strategy through the strategy map, the alignment of the organization. The role of the Office of Strategy Management and ultimately about strategy execution. (Kaplan, Norton, 2001, pp 147-160)

Cobbland and Lawrie's third generation balanced scorecards focuses on destination reporting, the issue of information imbalance in goals and targets setting and various implementation issues. (Cobbold Ian, 2014, p10)

The two approaches have more in common than they have differences. Both contain strategy maps, cascading through the organization. Both set ambition levels across time, although Cobbland and Lawrie use destination reporting, unlike Norton & Kaplan's

published approach. Both generally use four perspectives. Both use strategic topics that span the four perspectives and show the strain in the strategy.

Both use objectives, before measures. Both have scorecards that reflect the measures and targets, but also the change projects that will bring about the increase in performance. Overall, the third generation balanced scorecard approach is designed to capture a strategy, systematically align resources and the organization, and track the implementation of that strategy over time.

Table 1: The Balanced Scorecard generations

<b>BSC Generations</b>				
<b>Generations</b>	<b>The First generation</b>	<b>The second generation</b>	<b>The third generation</b>	
	BSC as a performance measurement tool	BSC as a strategic management tool	Strategic Communication	Office of Strategy Management (OSM)
<b>Objective</b>	Filtering and clustering measures into four perspectives	Mapping the strategic objectives and showing causality.	Selecting priority objectives and alignment of strategic goals	Integrates BSC with management tools in a comprehensive and closed loop system
<b>Components</b>	Four perspectives: Financial customer internal business learning and growth	Strategic objectives Strategy map	Destination statement Strategic linkage model	Six-stages closed-loop management system Office of Strategic Management (OSM)
<b>Developer</b>	Kaplan, & Norton, 1992	Kaplan, & Norton, 1996	Lawrie, Cobbold, 2004	Kaplan, & Norton, 2008

**Source:** (Marwa Rabe Mohamed Ali “Balanced Scorecard development over the last 26 years “ IOSR journal of business and management 2019 pp.-13-16)

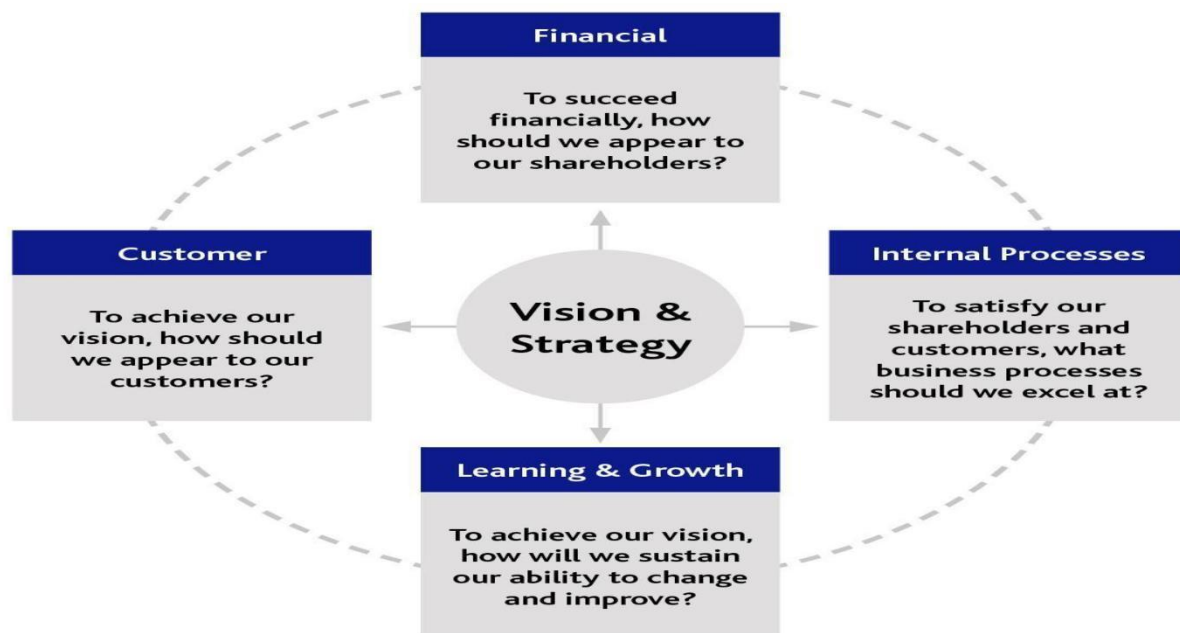
## 4.2. The Balanced scorecard components and implementation procedures

### 4.2.1. The four perspectives

The etymology of the word perspective is from the Latin prospectus : to look through or see clearly, which is precisely what we aim to do with a Balanced Scorecard, examine the strategy, making it clearer through the lens of different viewpoints, and therefore more amenable to execution. Any strategy, to be effective, must contain descriptions of financial aspirations, markets served, processes to be conquered, and the people who will steadily and skillfully guide the ship to success. Therefore the main content of a Balanced Scorecard:

- . Financial
- . Customer
- . Internal processes
- . Learning and growth

**Figure 6:** The Balanced Scorecard provides to translate a strategy into operational terms



**Source:** (Robert S. Kaplan and David P. Norton, The Balanced Scorecard translating strategy into actions,1996 p9)

**Financial Perspective: How do we look to our shareholders?**

The main strategic objective of the organization is to increase shareholder value by providing superior returns. Although one of the major advantages of BSC is that it does not rely on financial measures alone to assess performance, financial measures remain the primary focus of most BSC techniques; they determine the long-term objectives of the organization.

Kaplan and Norton (1996) pointed out that the financial measures have two functions:

They realize the potential targeted financial performance from the strategy and they present the ultimate goals of the other non-financial perspectives of the BSC. While specific measures of performance indicators are selected by the organization based on its strategy, the financial perspective measure relates to profitability. (Kaplan, Norton, 1996, p47)

Examples of the most widely used measures are:

- Operating income: a measure of profits-revenues less expenses, as reported on the income statement.
- Working capital ratios: these measures concentrate on the capability of the organization to respond to current financial requirements.
- Product line profitability: indicates the capability of the organization to generate profits from a specific product.
- Sales growth rate by division: reflects the change in the amount of sales according to each division of the organization.

### **Customer Perspective: How do customers see us?**

Organizations must shift their concentration to the needs of the customers and supply them with the required products and services that meet their expectations in order to be able to achieve long-run significant financial objectives. From the customer perspective, (Kaplan, Norton, 1996) showed that managers first have to determine the targeted customers and market segment. Although the core measures are different across various kinds of organizations, they should be tied to the organization's strategy and customized to its targeted customer group. The most commonly applied measures in the customer perspective are the following (Paul Niven, 2002, p15):

- New customer acquisition: shows the growth of the organization’s customer base. It can be calculated by the ratio of sales to new acquired customers, or by the number of new customers.
- Customer retention: reflects customer loyalty. It examines whether or not the organization keeps relations with its customers across time.
- Customer satisfaction: indicates how the organization is doing at responding to existing customers’ requirements. Measured by using surveys and asking customers about their experience with the organization.
- Market share: reflects the ratio of the organization’s sales to the overall sales of the market within a specific industry.
- Customer profitability: measure the net profit of the desired customer, after having unique expenses because of supporting this customer.

All these measures are interrelated because they affect each other: in other words, customer satisfaction affects the process of acquiring new customers, the loyalty of both new and existing customers, and the profits generated from these customers. Similarly, customer acquisition and customer retention affect the organization’s profitability and its market share.

**Figure 7:** The customer perspective-Core Measures



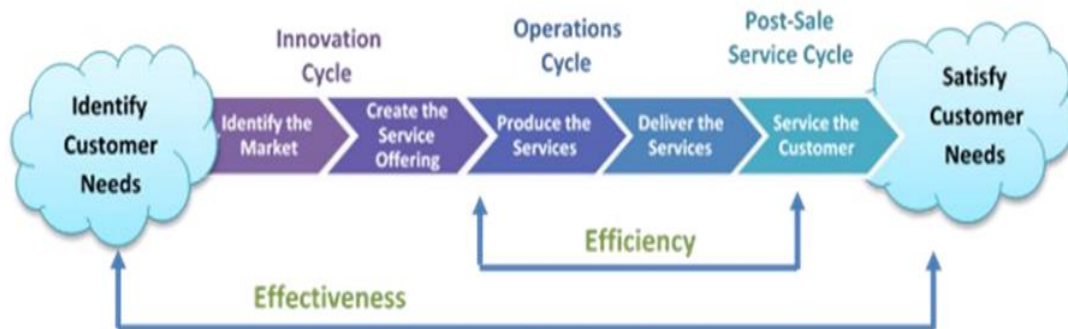
**Source:** (Kaplan, Norton. (1996). *The balanced scorecard Translating strategy into action*. Harvard business press. P.68)

### Internal business process Perspective: What must we excel at?

From the internal business process perspective, directors determine the fundamental and important inner procedures that should be accomplished by the organization. This must show the core competencies and important technologies involved in adding value to meet customers' requirements. The internal business process measures should concentrate on the critical procedures that play a leading role in increasing customer satisfaction and attaining the financial objectives of the organization. As shown in the next Figure, each organization has its distinctive combination of processes for adding value for customers and achieving financial outcomes.

The business process is provided by the generic value chain model. The organization can modify it to fit and serve its own goals and measures within its internal business process. (Kaplan, Norton, 1996, p92)

**Figure 8:** The Generic Value Chain Model



**Source:** (Kaplan ,Anthony, Atkinson. (1998). *Advanced Management Accounting*. Harvad business )

The most commonly used measures for the internal business process perspective are (Kaplan & Norton, 1996):

- **Quality:** based on the determined quality objectives of the organization. This can be measured by using the number of defective products, scrap, returns, and rework.

- Cost: measures include information on the price of a product component and the total cost of producing the product, which includes costs such as ordering, defects, and scheduling.
- Time: reflects the interval between the customer placing an order and receiving the required product or service.

### **Learning and growth Perspective: can we continue to improve and create value?**

The determined objectives of the financial, customer and internal business process perspectives showed how the organizations must operate to achieve efficient performance. The objectives in the learning and growth perspective are considered to be the basis for achieving the other BSC objectives. In other words, successful implementation of learning and growth perspective targets guarantees outstanding outcomes in the other BSC perspectives. The primary sources of learning and growth are people, information systems, and organizational alignment. (Kaplan, Norton, 1996, p126)

Some organizations faced difficulty with their existing infrastructure in achieving long term growth in a competitive market. Kaplan and Norton proposed that the BSC helps in determining “gaps” between the organization’s existing and desired abilities. Once the gaps have been determined, the organization can find ways to eliminate it, such as the inclusion of tools that are responsible for improving the organization’s infrastructure.

This perspective can be divided into three principal categories:

#### **⇒Employee Capabilities**

This perspective realizes the importance of a skilled workforce for the success of any organization. The core generic measures include:

- Employee satisfaction: usually measured through periodic surveys.
- Employee productivity: reflects the decrease of intellectual human resources. Commonly measured by the ratio of “staff turnover”.
- Employee productivity: can be measured using the ratio of revenue to the number of employees.

### ⇒ Information Systems

In recent competitive circumstances, accurate and timely information is necessary for employees to be able to work effectively. The information should be comprehensive and should reflect customers' requirements, internal process goals, and the financial outcomes of their decisions.

### ⇒ Organizational Climate

Kaplan and Norton (1996) stated that "Even skilled employees, provided with superb access to information, will not contribute to organizational success if they are not motivated to act in the interests of an organization or if they are not given freedom to make decisions and take actions". The following Table provides a brief description of the four perspectives of the BSC, highlighting the key areas of focus within each perspective

**Table 2:** Key areas of the balanced scorecard's four perspectives

<b>Perspective</b>	<b>Description</b>	<b>Objective</b>	<b>Indicator</b>
Customer Perspective	-How do customers see the business?	-Customer partnership -New Products -Preferred supplier -Responsive supply	-Number of co-operative efforts -Percent of sales from new products -Share of key account's purchases -On-time delivery
Internal Process	What must the business excel at?	-Design productivity -Manufacturing excellence -New product introduction -Technological capabilities	Efficiency measures -Unit cost, production time, call back time. -Actual vs. Planned introduction schedule

			-Comparison against competitor capabilities
Learning and growth	Can the business continue to improve & create value?	Manufacturing learning •Product focus •Technology leadership •Time to market	-Percent of products that contributes to majority of sales -Time taken to develop the next initiative -Time taken to introduce new products into the market, compared to competitors
Financial Perspective	How does the business look to shareholders?	Decrease costs -Increase market growth -Increase Sales revenue -Increase return on invested capital	Average cost per unit -Company's market share -Growth rate in sales figures -Return on investment

**Source:** Done by us.

#### 4.2.2. Strategy map

A strategy map is a one-page graphical representation of what an organization must do well in each of the four perspectives in order to successfully execute its strategy. Strategy map is composed of objectives, which represent the concise statements of what the organization must do well in each of the four perspectives: financial, customer, internal process, learning and growth. (Kaplan, Norton, 2005, p12)

While strategic plans can often run to dozens of pages, the strategy map is limited to a single page in order to serve its main purpose of clarifying and communicating the strategy. A strategy map is a graphic representation, which appears to contain not only a narratives (objectives) but images that bring the words to life and pervade the document with a sense of organization's unique culture.

According to (Kaplan, Norton, 2004, pp1-19), the strategic map "is a logical and detailed structure to describe the strategy, it provides the bases for designing the Prospective BSC which is the cornerstone of the new strategic management system". It ensures that the objectives of each axis are coherent and internally aligned. It connects the goals, mission, values and vision of the company with meaningful actions that every employee can take.

So this map represents a complete structure of the strategy that the company wants to implement as well as the means to achieve it. A well-established strategy map can indeed convey a simple and compelling explanation of what an organization must accomplish to achieve its overarching goals. (Barabel, Olivier, 2006)

The objective of the strategic map is: "to model cause and effect relationships in the performance domain in order to be able to anticipate future performance and continuously monitor the effects of a performance. strategy without having to wait until the end of the investment-operation cycle to see its success or failure. "

### **Chain of Cause-and-Effect Relationships**

Prior to the Balanced Scorecard, certain companies were already using a mix of financial and non-financial measures of critical performance indicators. But a well-designed Balanced Scorecard is different, from such scorecards in that the four BSC perspectives form a chain of cause and effect relationships. For example, learning and growth lead to better business processes that result in greater customer loyalty and thus a higher return on capital employed (ROCE).

In fact, the cause-and-effect relationships illustrate the underlying behind the organization's strategy. The measures reflect a chain of performance drivers that will determine the effectiveness of the strategy's implementation. (*Balanced Scorecard*, n.d.)

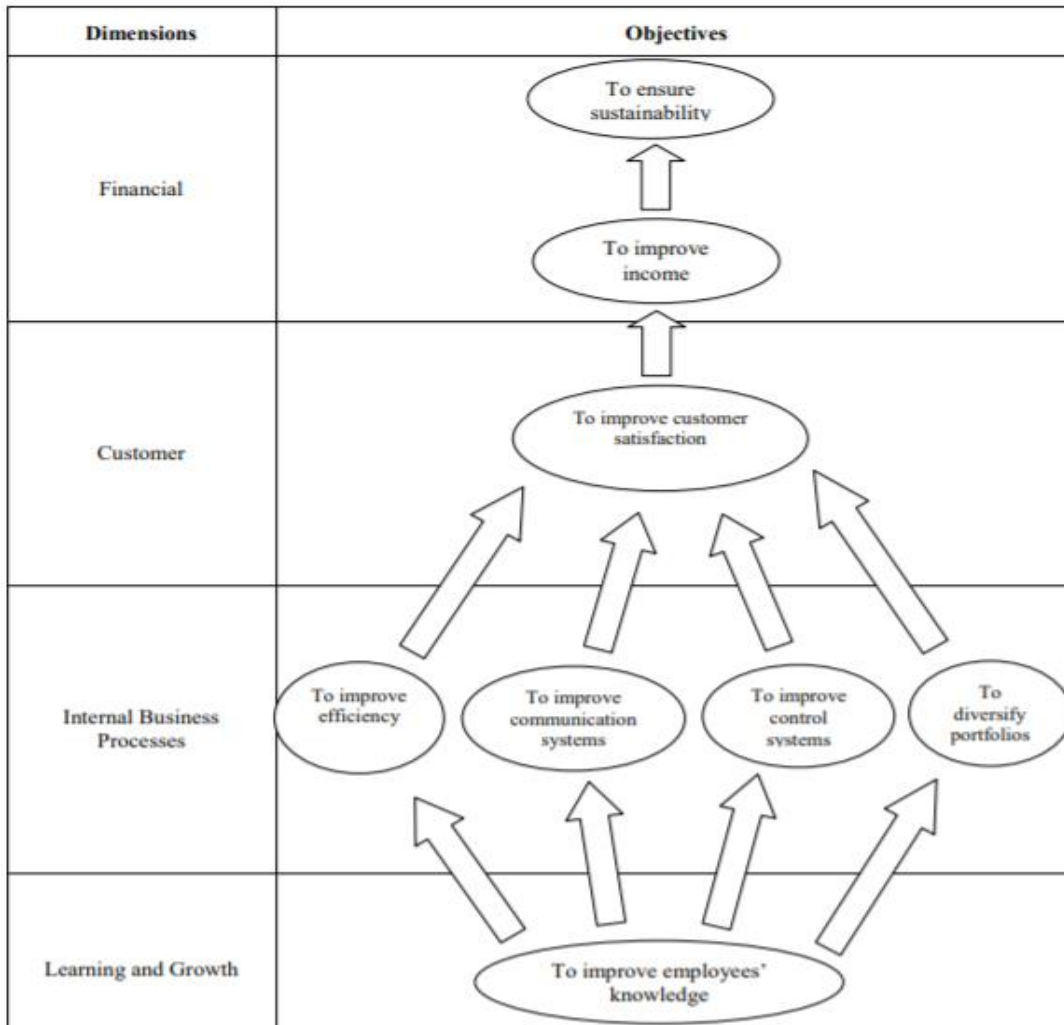
In order to apply true cause-effect thinking, structures must be eliminated. Open exploration and analysis of how the performance of a part of the company truly impacts on the performance of the whole company must be investigated. According to Barr the four perspectives of the BSC do not encourage the open exploration and analysis. (*Balanced Scorecard*, n.d.)

### **Design of the strategy map**

The design of the strategic map is carried out using a top-down approach. Customer satisfaction, process improvement, and innovation or the organization's ability to learn, these three areas of performance are linked to financial results by a chain of cause-and-effect relationships. Initially, it is believed that it is the learning which allows the improvement of the internal processes, according to Kaplan and Norton (2004), the axis of learning constitutes "the source which supports, nourishes and grows the magnificent foliage and the plants. Blooms that appear higher on the dashboard". This improvement in turn generates customer satisfaction, which will, in the longer or shorter term, make it possible to achieve economic objectives and therefore satisfy the expectation of shareholders. (Kaplan, Norton, 2004, pp1-19)

According to Kaplan and Norton (2004), the strategy map is an essential tool for:

- Highlight the gaps in the implementation of the strategy and thus facilitate the correction.
- Identify the key processes for the success of strategic implementation.
- Clarify the strategy and facilitate the communication of said strategy to each employee.
- Align human, technological and organizational investments so that they work in the direction of the strategy.

**Figure 9:** The strategy map

**Source:** The Balanced Scorecard as a Performance Management Tool for Third Sector Organizations: the Case of the Arthur Bernardes Foundation, Brazil P 364

#### 4.2.3. The difference between the public and private sector model

While the Balanced Scorecard has been designed for commercial companies, the framework has found wide-spread use in the public and non-profit sector. In this section we are going to highlight the concept of the BSC in the public sector. The Balanced Scorecard has become very popular as a proven tool for performance measurement and executing strategy in public sector organizations. Public sector is different from the private sector in

many ways and for successful implementation of the balanced scorecard, there is a significant amount of translations required to convert the language of the private sector into terms that are appropriate for non-profit and governmental organizations. (Arveson, 1999) . The following table illustrates differences between the public and private sector.

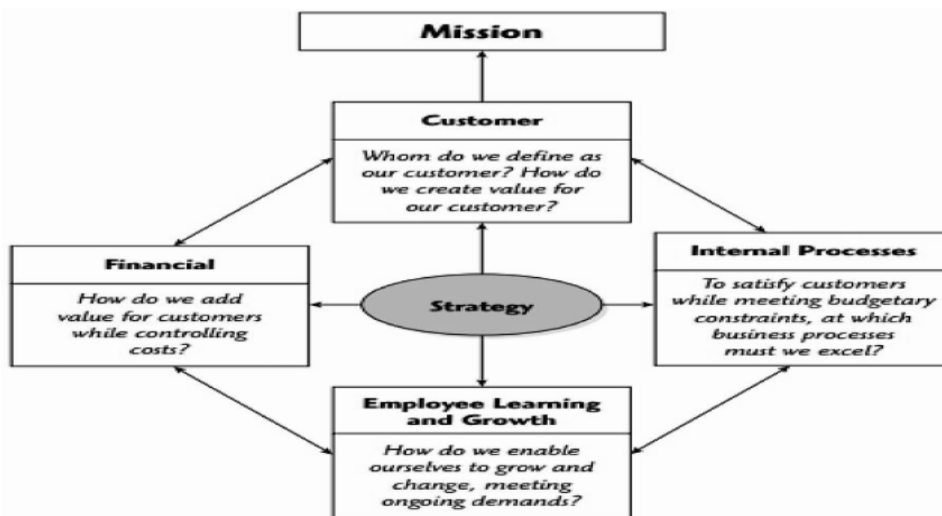
**Table 3:** The differences of profit and public organizations

	<b>Profit organizations</b>	<b>Public sector</b>
Financial	financial success	fulfill mission
Customer	customer satisfaction	customer satisfaction
Internal Processes	optimize business processes	increase the effect of the process
Employee Learning and Growth	plan the total resources of the organization	knowledge management

**Source:** Jovanovic et al. (2011). Sistem strateškog menadžmenta. Balanced scorecard. *SaTCIP*.

The main difference between private and public sector organizations is that first are strategy oriented while the public sector organizations are mission oriented.(ibid.)

**Figure 10:** The Balanced Scorecard for the Public and Non-profit Sectors



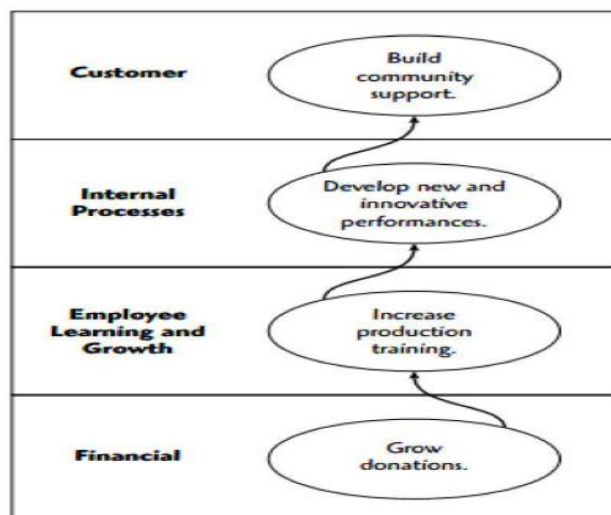
**Source:** (Paul R. Niven BALANCED SCORECARD STEP-BY-STEP FOR GOVERNMENT AND NONPROFIT AGENCIES Second Edition 2003 p.32)

Mission moves to the top of the Balanced Scorecard for public organization but strategy remains at the core of the Scorecard system, whether it is a private or public sector organization. In public organizations focus is on meeting customer requirements because this is the essence and mission of each public organization. (ibid.)

The financial perspective in public organizations is only the basis for the fulfillment of customer requirements. So indicators should be selected in the way that all of them are connected with the goals of customer perspective. The cause and effect of all BSC indicators must be connected to financial objectives in private sector organization but in public organizations cause and effect of all BSC indicators must be connected with the objectives in customer perspective.

A well designed BSC concept should describe the strategy of organization through the objectives and measures that have been chosen and these measures should link together in a chain of cause and effect relationships from the performance drivers in the Employee Learning and Growth Perspective all the way through to improved customer outcomes in Customer perspective . (Niven, P, 2003, pp33-36)

**Figure 11** Telling Your Strategic Story through Cause-and-Effect Linkages

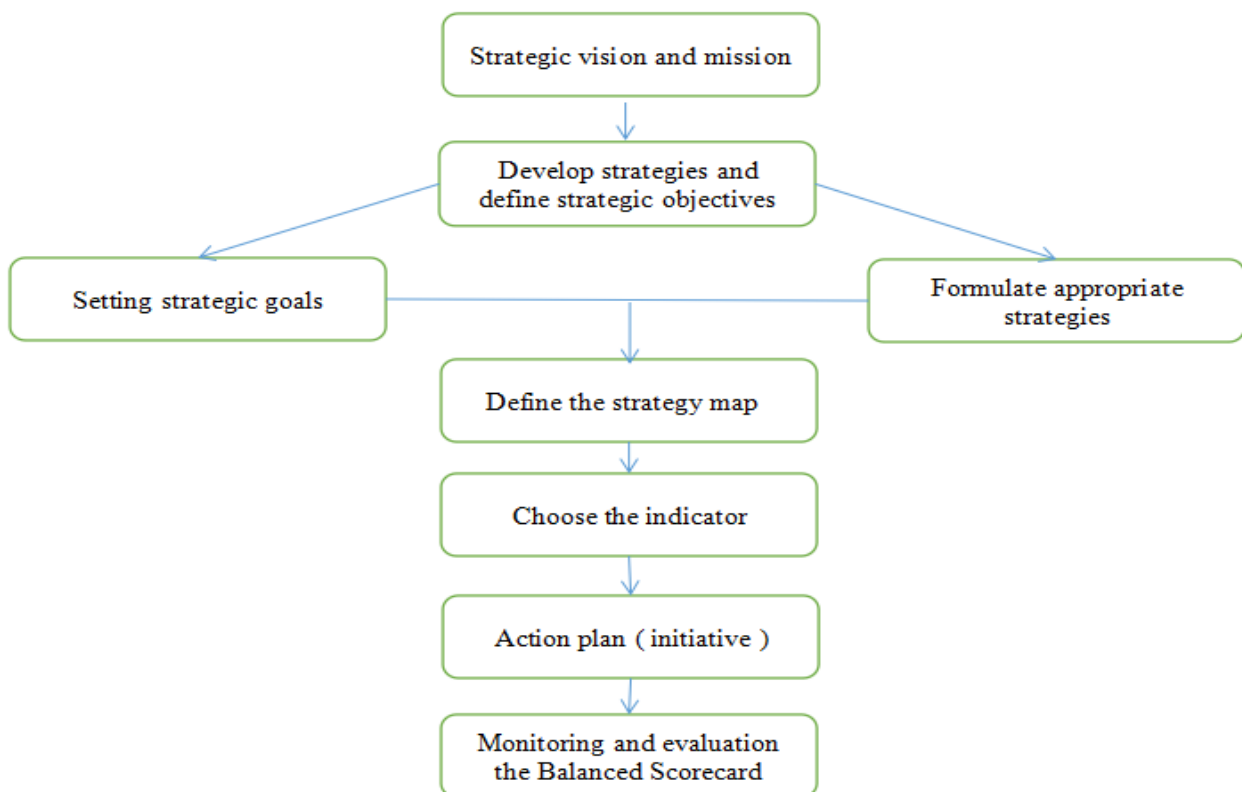


**Source:** (Paul R. Niven BALANCED SCORECARD STEP-BY-STEP FOR GOVERNMENT AND NONPROFIT AGENCIES Second Edition 2003 p.37)

#### 4.2.4. Implementation procedures

The writers and researchers have varied opinions about the necessary steps for designing and implementing the BSC , The order to be taken is indicated, and the time allocated to each step is adapted according to its characteristics The situation of each organization is individual, and the financial form illustrates the plans for implementing the type of the BSC . There are literally thousands of Balanced Scorecard toolkits and building methodologies, but the seven steps framework designed by Alain Fernandez was found to be the most relevant, practical and implementable one.

**Figure 12:** The balanced scorecard implementation steps



كواشي , قَمَازي. (2016, 09). تطبيق بطاقة الأداء المتوازن لتعظيم قيمة المؤسسة الاقتصادية بين تحديات الواقع  
ورهنات المستقبل دراسة تطبيقية على المؤسسات الصناعية

Through the figure, we conclude that the process of the BSC implementation goes through several stages. Based on top down approach, starting with the organization's strategy to goals, and tangible performance measures which It represents a balance between the four perspectives.

### **Defining the strategic vision of the institution and formulating its mission**

The vision expresses the aspirations of the organization and its perceptions of what it will be in the distant future, and it helps in formulating the mission, The latter appears in the form of a written document, indicating the basic purpose for which the organization was found, or the essential task for it, and the justification for its existence and continuity, and it is also an expression of the general vision on the one hand, and a more detailed description of the activities, products, interests and core values of the organization on the other hand. (Kaplan, Norton, 2010) . Both the vision and the mission help in formulating the strategic goals of the organization.

### **Develop strategies and define strategic objectives accurately**

The process of formulating the organization's strategy is translated through the development of a detailed outline. This diagram describes the activities that need to be carried out in terms of means and constraints in order to reach a fixed goal in a specific time. (Fernandez, 2002, p190)

⇒ **Formulating strategies:** This is a schema that will be a framework for the downstream decisions taken to achieve strategies. This stage passes through steps in which the following questions are answered:

- Who are we?: Analyzing the entity of the organization (its resources, structures, users, equipment...)
- Where are we? It means analyzing the environment of the organization (market, customers, competitors...)
- Where do we want to go? It means expressing the desired goals.

By answering these questions, it is easy to develop strategies and choose those that are appropriate for the organization and select the most appropriate strategies from among a set of scenarios for possible strategies.

⇒ **Setting strategic objectives:** Based on the strategies that have been formulated, the organization sets a number of overall objectives at the strategic level, So that the organization sets a number of objectives against each four axis of the BSC. The objective should have some characteristics. It should be specific, measurable, realistic (attainable), consensus, and linked to the organization's strategy. (Alain Fernandez, 2013, p61)

### **Design the strategy map**

This step means moving from the described strategies to discussing what we need for the success of the strategic vision, so that the organization determines what are the most influential objectives within each of the four axes of the BSC. The key success factors focus on the changes that must be practiced by the organization, and it is a previous step for developing practical plans and helps to identify the basic measurements.

It depends on these factors in drawing the strategic map, which is a logical communication tool that links the various strategies of the organization to its tactical operations that help in the completion of strategic objectives. Its importance lies in providing clear plans for workers at different organizational levels in the organization to see how the work they do connects with all the goals of the organization, so that they can work in a coordinated manner and towards achieving the desired goals of the organization. (Patrick Iribarne, 2003)

### **Indicators Selection**

After determining the key success factors that were extracted from the strategic objectives of the organization, these key factors must be measured by choosing the appropriate indicator that accurately measures the success factor to be evaluated. The indicator is defined as information that is generally numerical and is selected for evaluation in close areas to implement the task and to determine the corresponding objectives For

example; we use the absenteeism rate indicator to determine employee satisfaction and their affiliation with the organization. (Alain Fernandez, 2013, p79)

### **Preparation of action plans (initiative)**

The management of the organization must prepare action plans, i.e. clarify the activities and actions to be carried out in order to achieve the goals and strategic vision. This includes defining annual goals, allocating resources and tools, defining responsibilities and consolidating programs, selecting individuals responsible for completing the action plan, defining the time required for the achievement , and to ensure good running of the strategy, it must be followed up and monitored and corrective actions taken if necessary. (ibid, p74)

### **Monitoring and evaluation of the Balanced Scorecard**

The integrity of the application of the Balanced Scorecard needs to be continuously monitored to ensure that it is serving its intended function as a dynamic strategic management tool, and it is necessary to use it in the organization tactical operation, By monitoring the indicators prepared at all administrative levels and ensuring that they are used continuously in the daily operations of the administration, then the process of recording The BSC performance measurement scores should be part of the daily work of the organization. (ibid, p123). And by following these steps, we have taken a strategic step at the level of the organized administrative process.

### **Factors necessary for the success of Balanced Scorecard implementation**

In order to successfully build and implement a Balanced Scorecard, it is necessary to pay attention to the following issues. The first thing is relating to a number of measures, the organization needs to obtain balance between leading and lagging indicators, obtain only the indicators that reflect strategy and are most critical, and only select measures that are linked to the organization's strategy. (Kaplan, Norton, 2001)

Next, regarding making linkage between non-financial leading indicators and expected financial results, the organization should not make a quantitative link between non-financial leading indicators and expected financial results because the financial measures are the

dependent variables and are the retrospective, lagging indicators. Some organizations are tempted to make this linkage quantifiable but since lag time is difficult to predict and numerous factors may influence the result, a quantitative link can not be established. (schneiderman, 1999, p6)

The third issue is regarding the commitment of senior management, delegation of the project to middle management and defining the project as performance measurement, by missing focus and alignment to implement strategy. This is a process that can only be led from the top. (Kaplan, Norton, 2001)

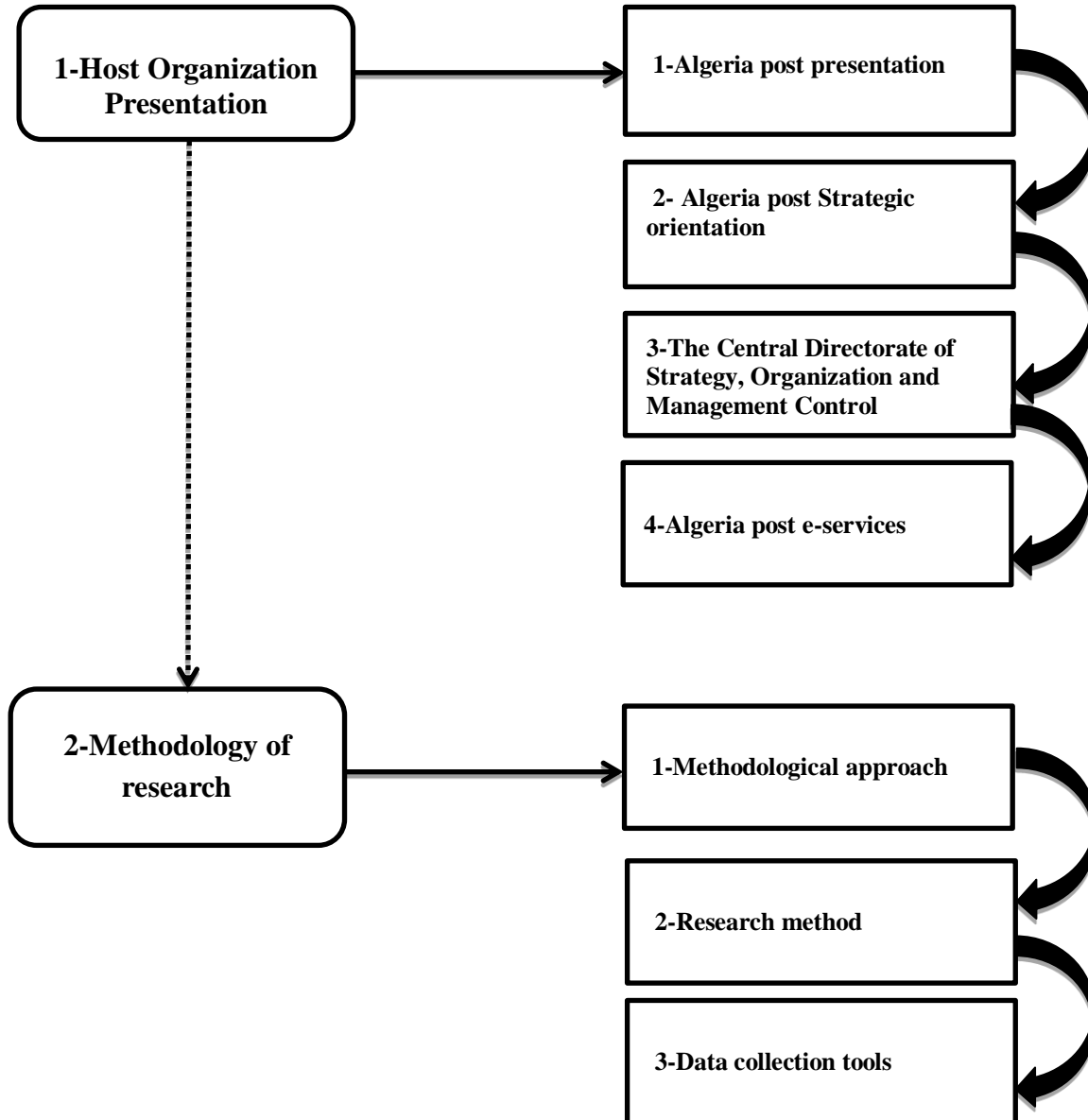
Fourth, regarding keeping the scorecard at the top, in order to be effective, the Balanced Scorecard, including strategy and action to support implementation, must eventually be shared with every member of the organization. (Kaplan, Norton, 2001, schneiderman, 1999) .

Another issue is that the balanced scorecard is an approach to effectively measure strategy rather than a means of deciding strategy. (McAdam, O'Neill, 1999). The use of a balanced scorecard does not mean just using more measures; it means putting a handful of strategically critical measures together in a single report. To achieve a balance among the four dimensions of the Balanced Scorecard, a company should pay attention to all of them. (Hoque, Wendy, 2000, pp1-17)

Finally, a strategy is a set of speculations about cause and effect. The measurement system should make the relationships such as speculations among targets and measures in the various perspectives explicit, so that they can be managed and validated. The chain of cause and effect should *diffuse* all four perspectives of a Balanced Scorecard. (Molleman, 2007).

# CHAPTER 02

## Host organization and methodology of research



## 1. Host Organization Presentation

### 1.1 Algeria post presentation



**C**reated in 2003 as a national public industrial and commercial establishment (EPIC) is the result of the reform of the Post and Telecommunications sector in Law 2000-03 of August 5, 2000, Algeria Post has been placed under the supervision of the Ministry of Post and Information and Communication Technologies. Algeria Poste provides a public service and is responsible for implementing the national policy for the development of postal and financial services through the provision of services throughout the national territory while developing related infrastructure.

It is administered by an Administration Council and headed by the minister of posts or his/her representative and led by a chairman appointed by presidential decree. This organization operates on three major levels (central, regional, and local).

#### **Algeria post's strategic domain of activities**

- Postal network and professions;
- Postal financial services and electronic payments;
- Mail/parcels.

It also has twelve central support departments:

- IT and network security
- Heritage and general means
- Finance and accounting department
- Human resources

- Training and development
- Strategy, organization, and management control
- Postal infrastructures and buildings
- Central inspection
- Audit and internal control
- Communication department
- Standardization and quality
- The stamps and philately

**Regional level:**


- Regional Inspections
- Regional financial centers
- Regional accounting centers

**Local Level:**

Locally, there are post offices placed under the authority of postal units directorates in every district. Only the capital city of Algiers has three directions: East, Central, and West where our internship took place. Moreover, Algeria Poste is present on the whole national territory with 4062 post offices:

- 3543 of full exercise and 466 secondary establishments.
- A postal density of 10025 inhabitants per post office.
- More than 3000 offices are connected to the computer network allowing to offer the same services to all categories of customers and in real time, such as:
  - Withdrawal, payment on CCP or CNEP accounts
  - Electronic transfer of funds
  - Collection, distribution and electronic follow-up of fast mail (EMS)
  - Salary allocation

**Table 4:** Algeria Post Data Sheet

Logo	
Organization Name	Algeria Post
Slogan	Always at Your Service
Legal Form	Public Establishment of Industrial and Commercial Nature (EPIC)
Creation	2003
Headquarters	Business Area Bab Ezzouar 16024 Algiers, Algeria
Directorate	Hannoufi Baya (Interim)
Activity	Mail, Parcels, Financial Services, Public Services
Services	Distribution of Mail and Parcels, Financial Transactions, Other Services (Invoice Payment and Other Partner Services)
Subsidiaries	EMS Champion Post Algeria
Headcount	28 264 (2021)
Revenue	43.4 Billion DA, 362.81 Million USD (2021)
Net Income	16.2 Billion DA, 135.43 Million USD (2021)
Website	<a href="http://www.poste.dz">www.poste.dz</a>

Source: Done by us

## **1.2 Algeria post Strategic orientations**

### **Algeria post mission**

Algeria Post must first of all fulfill, with the best possible quality of service, its regulatory missions provided for by the executive decree n°02-43 of January 14, 2002 carrying creation of the EPIC Algeria Post, in particular as regards the provision of postal services and postal financial services for the benefit of the citizens and for the account of the State. Due to its dimension, its geographical, social, financial and economic integration, the objectives expected by the Establishment extend to cover a wider mission, that of realizing the financial, social and economic inclusion of the citizens and to contribute to the socio-economic development of the country.

### **Vision**

Thanks to its deep social and geographical integration, Algeria post aims at participating actively in the economic and social development of the country through a transformed economic model based essentially on social responsibility, digitization and electronic commerce and postal financial inclusion. Ultimately, Algeria Post aspires to:

- To be the leader
- Regain the customer's trust
- To ensure a profitable and sustainable growth
- To be at the service of all citizens
- To offer quality services

### **Values**

The values of the Establishment determine its operating model and explain its development strategy. The EPIC Algeria post holds a close relationship with its users. It aims at being close to the citizens by taking care of their needs in postal products and services, but also by providing any other service likely to facilitate their daily life. From this point of view, the social responsibility of the company, the postal financial inclusion of the populations, the improvement of the quality of the offered services and the working conditions of its employees, passes before any objective of financial profitability.

### 1.3 The Central Directorate of Strategy, Organization and Management Control

#### Direction presentation

The Central Directorate of Strategy, Organization and Management Control is placed under the authority of the Director General of Algeria Post and headed by a Director assisted by Deputy Directors and Heads of Departments in accordance with the organization chart.

#### Direction missions

The main missions of the central strategy, organization and management control department are:

- Formalize the Institution's strategy in conjunction with the structures in terms of budget, planning and scope of projects.
- Develop perspective analyzes on the establishment activities and define the mechanism for aligning action plans in relation to the adopted strategy.
- Pilot the process of developing and monitoring the budget system.
- Maintain the dashboards relating to the execution of action plans and propose arbitrations according to the strategy adopted.
- Coordinate efforts in terms of resources.
- Assist structures in setting up the organization and adapting it to the development of the establishment

### 1.4 Algeria post e-services

The most interesting online services of Algeria post

#### ⇒ Registration and use of BaridiMob

BaridiMob is a separate application, it is necessary to perform the first steps of registration to it via the web. Once the account has been activated and validated (for only 1 mobile device), Algeria post customer will be able to access the many services offered by the application, including:

- Balance consultation.
- Transaction history
- Account to account transfer via RIP.

Figure 13 : BaridiMob Logo



- Blocking of the Edahabia card and its reactivation.

Source: Algeria Post website

### ⇒ Application for the Edahabia card

It is quite possible to apply for the famous Edahabia card from Algeria Post via a 100% online procedure by simply filling out a form provided for this purpose.

The card can be used not only to have access to services such as BaridiMob and BaridiWeb, but also to pay bills online and pay certain online purchases (Air Algeria, etc.) and on TPE in supermarkets.

Figure 14 Edahabia card



Source: Algeria Post website

### ⇒ Mobile and internet recharge

Following partnerships signed between Algeria Post and certain telephone operators, it is possible to top up your credit and pay your telephone bill via the BaridiNet portal on condition that you first have an Edahabia card.

Figure 15: BaridiNet



Source: Algeria Post website

### ⇒ Consulting CCP balance and receiving SMS

Undoubtedly the online procedure most used by Algeria Post customers, the eCCP portal allows them to consult their current postal balance, their transaction history and activate the option of receiving an SMS for each credit or debit transaction. flow (10DA).

Figure 16 : CCP logo



Source: Algeria Post website

### ⇒ Payment of invoices

Many state and private companies offer their customers the option of paying bills online using the Edahabia card.

- Online payment of water bills at ADE.
- Online payment of electricity and gas bills at Sonelgaz.
- Online payment of water bills (Algiers and Tipaza) at SEAAL.
- Payment of Mobilis invoices.
- Payment of Algeria Telecom's telephone bill.

Figure 17: Online bills payment



Source: Algeria Post website

### ⇒ Purchase of plane tickets and insurance

For more than a year, it has become possible to book and pay for your plane ticket at the current price directly online using “Edahabia”. A similar service makes it possible to pay for different insurances with certain providers, always via a 100% online procedure.

Figure 18: Airplane companies



Source: Algeria Post website

### ⇒ Parcel tracking

Algeria Post also offers a tracking service for registered parcels, whether sent or received, via its official website.

Figure 19: Tracking service



Source: Algeria Post website

## 2. Methodology of research

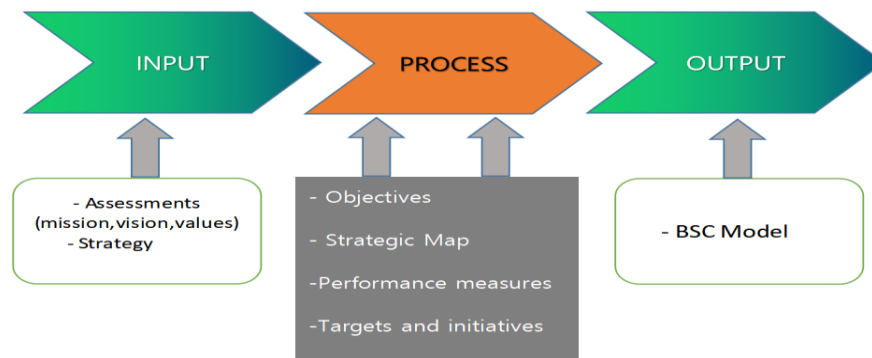
### 2.1 Methodological approach

Nowadays, Algerian companies operate in an unstable economic sphere, and increasingly competitive. All managers are called upon to work to ensure the global performance within the companies. In order to achieve the strategic objectives, managers need a management tool that offers a multidimensional vision of performance, unlike existing management tools that are based on the financial dimension only. Given the importance given to the concept of performance by Algeria post, the latter is open to any proposals of innovation in the field of modern management control. In this context, our study will focus on the proposal of a Balanced Scorecard model as a new performance measurement tool within Algeria post.

#### Approach followed for designing Algeria's post BSC:

In the course of our designing of the proposed model of the Balanced Scorecard for Algeria Post. We decided to follow a specific methodology to obtain the desired results. Given the governmental nature of Algeria Post Organization , We deemed it necessary to apply a Public Sector BSC Model , using a "top-down" principle of (Kaplan and Norton , 2014) combined with the implementation procedures described in the theoretical side by (Alain Fernandez, 2013). The figure below simplifies what we will discuss in this part.

**Figure 20:** Balanced scorecard implementation Process.



Source: Done by us.

The methodology stipulates in the first place the presentation of the organization's Assessments, which is the cornerstone of creating the balanced scorecard, knowing that we have previously presented it in the Organization's presentation, but we can only mention it again as a commitment from us to the exact application of the methodology. Later, we will present the major strategies of the Algeria Post. These strategies are the ones that reflect the mission, vision and values of the organization. Also these strategies in turn will enable us to form the objectives for each perspective of the balanced scorecard in a coherent and integrated manner and with a causal relationship that we will explain in the strategic map.

In an advanced stage of our research, we will seek to create Measures and performance indicators that are accurate and relevant to the objectives related to each of the four perspectives. At another stage, we will define the desired Targets and what has been done by the Algeria Post Administration to reach those Targets.

At the last stage, we will propose a Balanced Scorecard model and discuss its results.

## **2.2 Research method**

In order to answer our problematic we opted for a qualitative study, which is characterized by a comprehensive approach, which aims to understand an action in a context or situation. (Yin, 2012). It is a research that produces and analyzes descriptive data, such as the words and observational behavior of individuals. (Taylor & Bogdan, 1984). It refers to a research method interested in the meaning and observation of a social phenomenon in a natural situation. It deals with data that is difficult to quantify. It does not reject numbers or statistics, but simply does not give them the first place.

## **2.3 Data collection tools**

### **Documentary research**

Within the framework of our research work we exploited several types of documents:

- Books : regarding our topic and the build-up process of the BSC from which we can cite The famous book “ THE BALANCED SCORECARD Translating strategy into action” (Kaplan, Norton 1996) , and Paul R.Nives’s book “BALANCED

SCORECARD STEP-BY-STEP FOR GOVERNMENT AND NONPROFIT AGENCIES Second Edition”, And Some Other Books have had great credit for us .

- Scientific articles: following the approaches used in the previous works.
- Internal company documents.
- Websites and thesis.

All of the above allowed us to better understand our theme and expand our field of research and simplify our work.

### **Observation**

To elaborate our research we started with the observation which was realized in a free way within the company in order to be able to collect information «Observing is process including voluntary attention and intelligence, oriented by a terminal or organizing objective and directed at an object to gather information» (DE KETELE, 1980, p. 27).

After numerous visits to Algeria Post, in the midst of our completion of the graduation dissertation, we were able to notice the interest that Algeria Post Administration was giving to long-term goals, and the concept of setting an effective strategic plan. This interest was evident as somehow precised goals and targets were set, the latter justifies their need for management control tools to verify their achievement of those pre-set goals.

We also noticed that there is a distance between employees, which reflects the weak communication and cooperation between them. This might mean that the organization’s strategic plan is not well communicated, as their work is focused on carrying out a set of separate activities and not working towards the same goal

### **Interviews**

In addition to the observation and documentary research, the interviews conducted at Algeria post were a major part of the collection of necessary data on performance management and on the different perspectives of the BSC to facilitate its design.

The interview is "an oral, face-to-face relationship between two people, one of whom one transmitting information to the other on a predetermined subject. So, the interview consists of

a questioning session addressed to a person or persons chosen by chance in order to collect information to confirm or deny the research hypotheses". (Chabani,Ouacherine, 2013, p72)

In our case we opted for a semi-directive interview. The objective of this choice is to give certain flexibility to the respondents and at the same time to extract the maximum of information from each interviewee.

### **Interview guide**

We prepared an interview guide to interview different managers within Algeria post, in which we asked questions about the company's strategy and the four perspectives of the BSC. Our interview guide has been developed using examples and development methods proposed in books, scientific articles (Gotteland, Gavard-Perret, Christophe Haon, & Alain Jolibert, 2012, p. 112,DAHAK & Rabah KARA, 2015, p. 98),

We opted for a sequence of general questions to specific questions according to the funnel principle to master the interlocutor comfortably. The interview guide is presented in Appendix A.

### **⇒ Means and tools used**

We have opted for voice recording as a mean of collecting information, some interviewees refused to make voice recordings; in this case we had to enter the information manually using a notebook.

### **⇒The study population**

The selection of the interviewees is based on the position they hold within the company and the ones who are related to our research topic, hence their ability to answer our questions.

**Table 5:** Interview details

Date	Place	interviewer	Duration	Position	Information collection tool
7 - 06 2021	General Directorate -Babezouar -	Hannoufi Baya	18mn	General director	written
30 - 06 2021	General Directorate -Babezouar -	Achacha Bilal	22mn	Department- head of Strategy	written and voice recording
18 - 08 2021	General Directorate -Babezouar -	Maachou Leila/Benmera d Fouzia	24mn	Sub-directorate strategy	written
25 - 08 2021	Human Recource Directorate -Babezouar -	Saleh Bournisa	36mn	Training center	written
3- 09 2021	General Directorate -Babezouar -	Zakaria Haydjoub	25mn	Study manager	written

**Source:** Done by

## **Chapter 03**

# **Results presentation and Discussion**

## **Introduction**

The analysis of the results that we will carry out will revolve around the components of the BCS and will allow us to design a model that englobes all of the strategic objectives with the appropriate performance indicators to ensure performance measurement. After having accomplished our qualitative survey within Algeria post, we will present results collected through the latter.

## **I. FIRST STEP (Mission, Vision, Strategic axis)**

### **1 - Algeria Post Mission**

Algeria Post must first of all fulfill, with the best possible quality of service, its regulatory missions provided for by the executive decree n°02-43 of January 14, 2002 carrying creation of the EPIC Algeria Post, in particular as regards the provision of postal services and postal financial services for the benefit of the citizens and for the account of the State. Due to its dimension, its geographical, social, financial and economic integration, the objectives expected by the Establishment extend to cover a wider mission, that of realizing the financial, social and economic inclusion of the citizens and to contribute to the socio-economic development of the country.

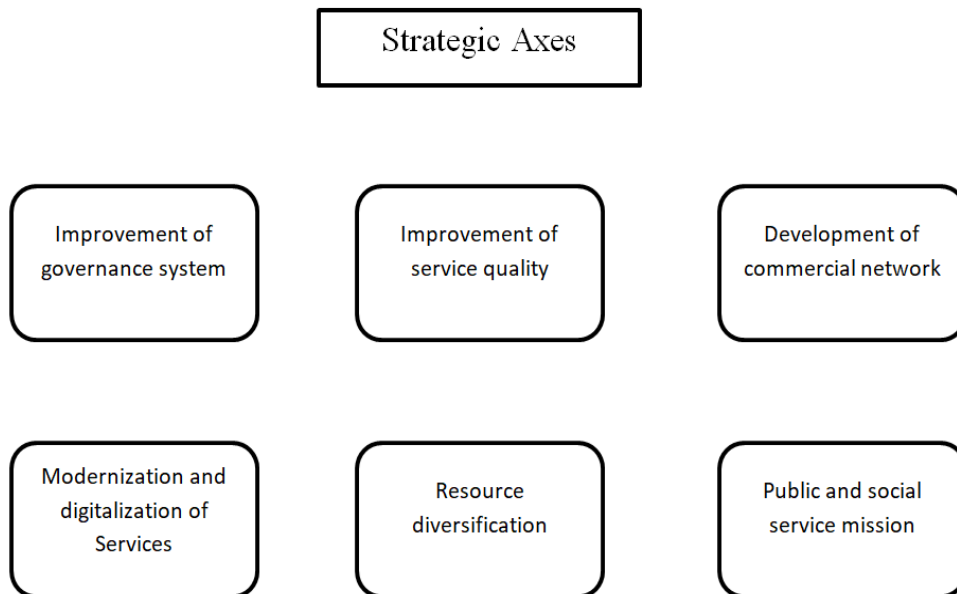
### **2 - Algeria Post Vision**

Thanks to its deep social and geographical integration, Algeria Poste aims at participating actively in the economic and social development of the country through a transformed economic model based essentially on social responsibility, digitization and electronic commerce and postal financial inclusion. Ultimately, Algeria Post aspires to:

- To be the leader
- Regain the customer's trust
- To ensure a profitable and sustainable growth
- To be at the service of all citizens
- To offer quality services

### **3 - Strategic axis**

Algeria post strategy is based on a set of actions that are essentially articulated around 6 strategic axis listed below:

**Figure 21:** Algeria Post strategic axis

**Source:** Done by us from the documents given at the company level

#### **- Improvement of the governance system.**

In this context, Algeria Poste has developed an integrated work program that includes several sub-axes concerning the operational and organizational aspect.

The appreciation of the human resource : Concerned about the quality of the living conditions of its employees and because the HRM is a determining factor in the achievement of the organizational objectives, the Establishment has registered under its action plan of 2021, a series of actions aiming at the improvement of the working environment and the living conditions of the employees as well as the establishment of a stable and peaceful socio-professional climate

Development of human skills: The strengthening of infrastructure and the modernization of its activities through the massive use of information and communication technologies (ICT) must be accompanied by substantial measures in terms of training and development of human skills to generalize the use of ICT and ensure their appropriation at all levels.

Improving the financial and administrative management system: The improvement of the financial and administrative management system will be implemented in terms of activities

through the development and application of manuals of procedures, including internal controls and budgetary processes.

Adaptation of the computer network and securing of the systems: Algeria post will invest in several projects whose major objective will be the realization of a modern and secure IT infrastructure.

**- Improving the quality of services.**

Works aiming at improving the service prestation and the reception conditions to the customers at the level of the post offices have been accomplished and others are still in progress as well as the modernization and the improvement of the mail and parcel service which represents the basic activity of the post office.

**- Development of the postal network**

Within the framework of maintenance of the commitment of the State for the provision to the concerned populations of a universal service of the post office, by the supply on the whole territory of the postal and financial services of quality, Algeria Post will continue its process of densification and development of its postal network.

**- Modernization and digitalization of services.**

Algeria Post is engaged in a process of modernization of its activities in particular in the field of E-commerce and this through the massive recourse to the technologies of information and communication (TIC). This modernization was characterized by the automation, the massive computerization, the dematerialization and especially the development of online services, remote access and the use of mobile applications (BARIDINET and BARIDIMOB).

**- Resources diversification.**

The strategy of Algeria Post plans to accelerate the development and the diversification of its activities, in particular through the deployment of new offers and innovative services around E-commerce, urban logistics and the contribution to the modernization of the financial and electronic money services.

**- Promotion of the public and social service mission.**

Faithful to its values and to its commitment to provide a quality public service, Algeria Post does not hesitate to make the least effort, at each occasion, in order to guarantee to the citizen his comfort.

**II. SECOND STEP (Strategic objectives, Strategy map, Performance Indicators)**

**1. Objectives formulation according to the four perspectives of the balanced scorecard**

**Table 6:** Algeria Post strategic objectives

<b>Perspective</b>	<b>Objectives</b>
Customer	<ul style="list-style-type: none"> <li>- Increase the number of customers</li> <li>- Developing the company's image</li> <li>- Increase customer loyalty</li> </ul>
Financial	<ul style="list-style-type: none"> <li>- Improved profitability</li> <li>- Increase in turnover</li> <li>- Reduction of operating costs</li> </ul>
Internal process	<ul style="list-style-type: none"> <li>-Development of the commercial network</li> <li>-Ensure an equitable load between the stations of the network</li> <li>-Maximize ATM machines Availability</li> <li>-Ensured the availability of post office connectivity</li> <li>-Increase the rate of operations digitalization</li> </ul>
Learning and growth	<ul style="list-style-type: none"> <li>- Improving staff potential</li> <li>- Staff motivation</li> <li>- Productivity improvement</li> </ul>

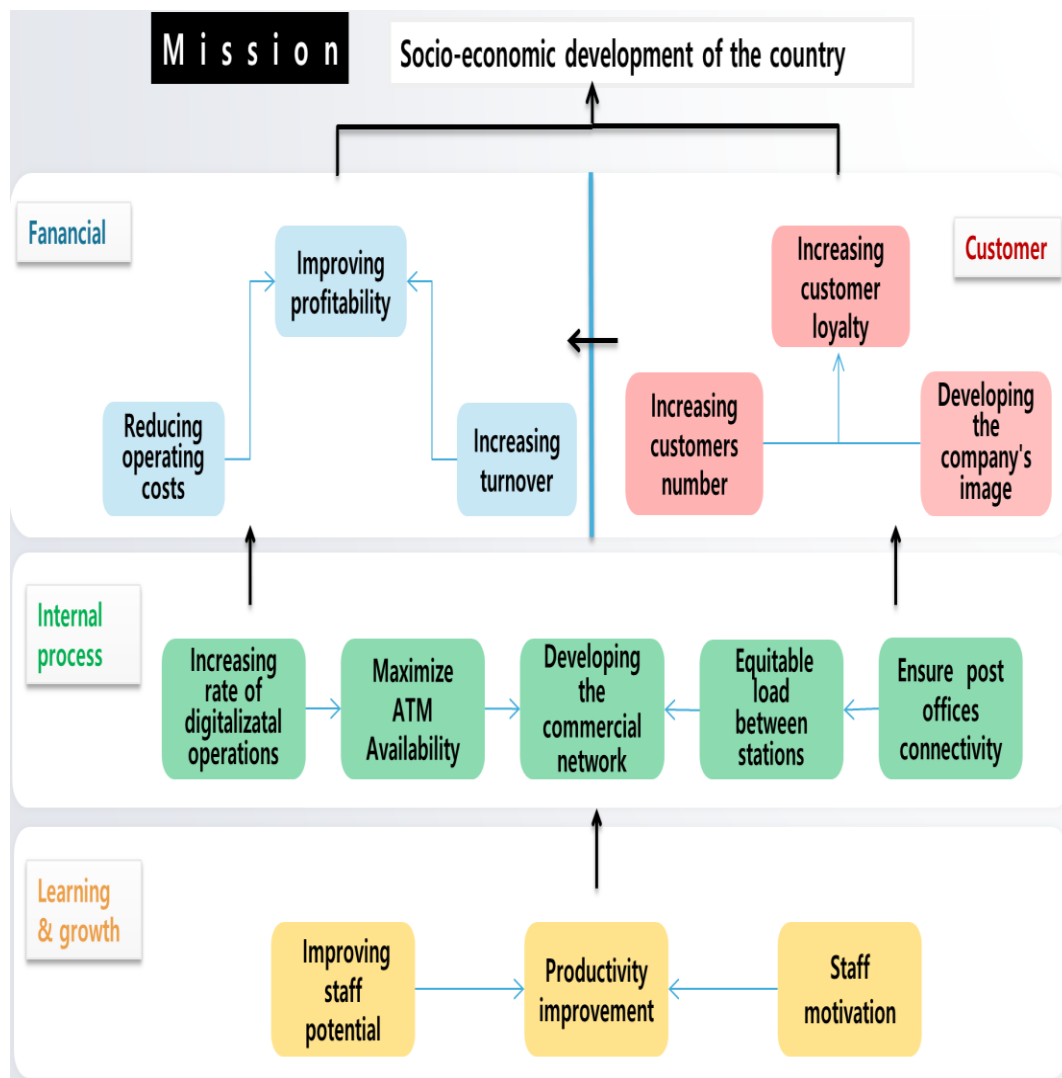
**Source:** Done by us

## 2. Strategic map and cause and effect relationships

By linking the strategic objectives of the four perspectives together, we can now propose a model of strategic map for Algeria post. The following diagram summarizes the strategic map with the different causal links. The linkage of measures throughout the Strategy Map is constructed with a series of “if - then.

Algeria’s post strategy map:

Figure 22: Algeria's post strategy map



Source: Done by us

As shown in the figure above namely: the strategic map, all four perspectives are set in logical order adequate to the nature of the company, in our case it's a public commercial institution, where the focus is on customers and serving their needs in order to accomplish the mission, the message is that anything and everything done (financials, revenues, etc.) is there to support the customers. Every objective within each of the four perspectives are correlated with a cause and effect relationship , Thus we see that the strategic objectives adopted in the learning and growth perspective and in the internal perspective should form the basis of Algeria Post long-term strategy.

The good performance of these two perspectives would produce substantial benefits in the provision of Algeria Post and enable the achievement of a remarkable degree of excellence. As a consequence, customer satisfaction will increase and Algeria Post will gain a positive image, this improvement in satisfaction of customers in the organization's public image will probably lead to increased numbers of customers and the possibility of offering additional services.

Increased customer numbers, a high quality image and the offer of additional services will produce an increase in the financial resources available to the organization and an improvement in its economic profitability. Finally, the conjunction of the financial perspective and the customer perspective will help the organization to achieve its strategic goal and eventually its mission.

### **3. The choice and definition of performance indicators**

#### **3.1 Measurement indicators**

In order to steer the actions allowing to achieve the strategic objectives, as we have seen in theory, it is necessary to attribute to each strategic objective one or many indicators that make it possible to measure it and to give it a significant value to reach "a target" to be able to measure the performance. The choice of measurement Indicators was based on the three following factors:

- BSC Model Conception blueprint in regards to the selection of indicators of each Perspective (Kaplan and Norton books).
- The relevance of the indicator compared to the Strategic objectives.

- Information availability of each Indicator within Algeria post.

The following tables present the measurement indicators assigned to each objective:

### 3.1.1 Customer perspective indicators:

**Table 7:** Customer perspective indicators

	Objectives	Indicators
<b>Customer perspective</b>	Increase the number of customers	-The evolution of the number of new CCP accounts
	Developing the company's image	-The number of participation in social actions
	Increase customer loyalty	-Number of active accounts on existing -Average number of transactions per active account

**Source:** Done by us from the documents given at the company level

### 3.1.2 Financial perspective:

**Table 8:** Financial perspective

	<b>Objectives</b>	<b>Indicators</b>
<b>Financial perspective</b>	Increase in turnover	Rate of change in Turnover
	Reduction of operating costs	Rate of change in operating Costs
	Improve profitability	Net Profit / Turnover

**Source:** Done by us from the documents given at the company level

### 3.1.3 Internal process perspective:

**Table 9:** Internal process perspective

	<b>Objectives</b>	<b>Indicators</b>
<b>Internal process perspective</b>	Development of the commercial network	Post offices number evolution
	Ensure an equitable load between the stations of the network	-Distribution rate of operations on the station
	Maximize ATM machines Availability	-ATM availability rate
	Ensured the availability of post office connectivity	-Number of offices connected via dedicated line -Number of outages on the post office network
	Increase the rate of operations digitalization	-Ratio: online transactions / over-the-counter transactions

**Source:** Done by us from the documents given at the company level

### 3.1.4 Learning and growth perspective:

**Table 10:** Learning and growth perspective

	<b>Objectives</b>	<b>Indicators</b>
<b>Learning and growth perspective</b>	Improving staff potential	-Number of training sessions conducted annually
	Staff motivation	-Job Turnover -Absenteeism rate
	Productivity improvement	-Productivity ratio

**Source:** Done by us from the documents given at the company level

## 3.2 Tracking changes in performance indicators

### 3.2.1 Customer perspective indicators:

The customer perspective is the unifying thread for the other perspectives; three strategic objectives have been selected:

- Increase the number of customers
- Developing the company's image
- Increase customer loyalty

Then, in order to better measure the achievement of these strategic objectives, we have selected indicators for each.

#### **Number of customers:**

In this case the number of customers is related to the number of CCP accounts which is a very important indicator for the company, because it allows it to increase its sales and its turnover.

**Table 11:** Evolution of CCP accounts

Year	2019	2020
<b>CCP accounts</b>	22.3 Million	23.4 Million

**Source:** document given at company level.

According to the results displayed on the table above, Algeria post has recorded an increase in the total number of its clients; this allows the achievement of one of the most important objectives of the customer perspective, which will contribute directly to increase the company's turnover.

#### **Developing the company's image:**

We have associated the number of participation in social actions (sponsoring, awareness campaigns...) to approximately measure such objectives.

**Table 12 :** Participation in social actions

Year	2019	2020
Participation in social actions	843	116

**Source:** document given at company level.

We note a significant decrease in the number of participation in social actions in 2020 (116) compared to 2019 (843). This is due to the Corona pandemic and preventive measures, Which means that this decrease does not necessarily reflect a decline of the company's image.

#### **Customer loyalty:**

Customer loyalty is one of the most important objectives for the company, because it allows it to maintain its subscriber base and helps to develop its image

**Table 13:** CCP active accounts

Year	2019	2020
CCP active accounts	15.7 Million	16.6 Million

**Source:** document given at Company level.

Algeria post had an increase in there total CCP accounts between 2019 (22.3 million) and 2020 (23.4 million) , in order to determine the customer loyalty, we have chosen the number of active accounts and the average number of transactions per active account to measure it, numbers were 15.7 million with an average of 2.1 operations a month in 2019 and 16.6 million active accounts with an average of 2.6 operations a month in 2020 , this increase is due to the noticeable increase in the exploitation of the Internet services (Baridimob) provided by Algiers Post, as consequence of the great recession caused by the Corona pandemic, and obviously the increase in customer numbers (new university students).

### 3.2.2 Financial perspectives objectives:

Financial objectives ensure we are achieving our results, but doing so in an efficient manner that minimizes cost.

- Increase in turnover
- Reduction of operating costs
- Improve profitability

#### Increase in turnover

The following table shows the evolution of the turnover of the Algeria post over 2 years between 2019 and 2020:

**Table 14:** Turnover evolution

Year	2019	2020
Turnover	41.6 Billion AD	42 billion Ad

**Source:** document given at company level.

We notice that the turnover of Algeria post is in continuous growth 41.6 Billion to 42 billion AD, with an estimated value of 0.4 billion AD compared to the year 2019. This positive result could be related to the Algeria Post's exploitation of the prevailing circumstances in the Corona pandemic, the Organization's success in increasing the use of electronic services: online payment... (BaridiMob), in addition to the delivery services (EMS) that were widely popular at the global level in 2020.

### Reduction of operating costs:

Operating costs are all the expenses made by Algeria post to exist and operate. They include the cost of salaries, as well as expenses for maintenance, supplies and various services.

**Table 15:** Operating cost evolution

Year	2019	2020
<b>Operating costs</b>	31 Billion AD	35 Billion AD

**Source:** document given at company level.

We note a significant increase in operating costs for the period from 2019-2020. This estimated 12% increase is due to the policy of raising wages pursued by Algeria Post since the beginning of the year 2020. In addition the COVID bonus pays for employees.

### Improve profitability

Profitability is the relationship between an earned or expected income and the resources used to obtain it.

$$\textit{Profitability} = \textit{Net profit} / \textit{Turnover}$$

The figures expressing the Turnover numbers have already been mentioned. We will now explain the Net Profit numbers:

**Table 16:** Profitability evolution

Year	2019	2020
Net Profit	11.2 Billion AD	11.9 Billion AD

**Source:** document given at company level.

The following table represents the results obtained through the profitability Equation, for the two years 2019-2020.

**Table 17: Profitability evolution**

<b>Year</b>	2019	2020
<b>Profitability</b>	27.8%	28.3%

**Source:** Document Given At Company Level.

From the previous table, we notice an increase of 0.5% compared to 2019, when it was equal to 27.8%. This relatively weak increase is due to the increase in costs, the latter had a slight impact on the net profit compared to the capital, which increased at a good rate.

### **3.2.3 Internal process perspective objectives:**

To meet the expectations of subscribers and shareholders, we have chosen indicators to measure performance throughout the chain of internal processes of Algeria post. They are a total of five and are divided into the following strategic objectives

- Development of the commercial network
- Ensure an equitable load between the stations of the network
- Maximize ATM machines Availability
- Ensure the availability of post offices connectivity
- Increase the rate of operations digitalization

### **Development of the commercial network**

Post office numbers can be a good indicator to rely on in order to track the development of the commercial network. The following table gives the numbers of post offices during the two years (2019-2020) .

**Table 18: Post offices number evolution**

<b>Year</b>	2019	2020
<b>Number of post offices</b>	3992	4062

**Source:** Document given at company level.

Through the previous table, we note an increase in post offices estimated at 70 post centers. This increase is due to the Algeria Post's plans for the year 2020 in parallel with some government projects (AADL , LSP , LPP ..) , to meet its needs.

### **Ensure an equitable load between the stations of the network**

This rate reflects the level of distribution of operations over the various post office counters, such that in a theoretically ideal situation, if all the counters carry out the same number of operations during the financial year, this rate would be 100%, and conversely, if only one counter of the establishment carries out all the operations, the rate would be 0%. The following table shows the results of 2019 and 2020:

**Table 19:** Distribution rate of the operations between stations.

Year	2019	2020
Ratio	46.96 %	47,68 %

**Source:** document given at company level.

It should be noticed that there has been a slight improvement in the dispatch rate following supervisory work during the 2020 financial year, which made it possible to better manage the flow of clients during the COVID crisis period, and also the installation of waiting management devices in certain offices.

### **Maximize ATM Availability**

It means the number of ATM available out of the total number, Distributed in 58 states across the country.

**Table 20:** ATM availability

Year	2019	2020
ATM availability	71%	79%

**Source:** document given at company level.

As shown above, there is an increase of 7% ATM Availability in (2020). This increase can be justified through the inclination towards the use of ATMs in order to decrease the workload in post offices by fixing most of the ATM machines that were out of service.

#### **Ensure the availability of post office connectivity:**

The following two tables show information about connected post offices with a special line, and the second highlights the number of Outages in Post offices (2019-2020).

**Table 21:** Post offices connected to a special line

<b>Year</b>	2019	2020
<b>Post offices with SL</b>	3890 (95%)	4062 (100%)

**Source:** document given at company level.

**Table 22:** Outages in post offices network

<b>Year</b>	2019	2020
<b>Outages in post offices network</b>	24	3

**Source:** document given at company level.

From the tables above, we notice a coverage of 100 %, which represents 4,062 postal offices with a dedicated line, In 2020, Algeria Post was able to connect all its post offices with a specialized line. This line allows high-speed Internet, helps to increase the efficiency of post offices and provide better services to the customers.

At the same time, it has also helped to reduce the recurring malfunctions of the system compared to previous years (24 outages in 2019) . This has allowed Algeria Post to relatively satisfy the client, which is considered the ultimate goal of the organization.

#### **Increase the rate of operations digitalization**

This indicator measures the rate of adoption of the electronic channel of Algeria Post versus the physical channel which is the counter, and it is calculated by the following relationship:

$$\frac{\text{Number of transactions carried out online}}{\text{number of transactions carried out at the counter}}$$

The following table shows in numbers the results of 2019 and 2020:

**Table 23:** Rate of use of electronic remote services by Algeria Post customers

Year	2019	2020
Ratio	16.3 %	22.7%

**Source:** document given at company level.

We notice a clear increase in this ratio between the two financial years, which reflects the positive trend in the use of electronic services, particularly with the entry of new web merchants in the electronic payment platform of Algeria Post, and the continuous improvement of the services offered on the BARIDIMOB application, as well as the evolution of the rate of possession of EDAHABIA cards by the customers of Algeria Post.

### **3.2.4 Learning and growth perspective objectives:**

It reflects the set of factors for improving employee effectiveness that would support the strategy implementation, therefore we have chosen:

- Improving staff potential
- Staff motivation
- Productivity improvement

#### **Improving staff potential**

(Number of training sessions conducted annually) Algeria Post carries out a regular program to upgrade skills through training every year, and this depends on the needs. The table below shows the evolution of the number of training sessions carried out for employees of Algeria Post (2019 - 2020).

**Table 24:** Number of trainings

Year	2019	2020
<b>Number of training</b>	13857	4032

**Source:** document given at company level.

There was a drastic reduction of over 300 %. As a result of the closure of most of the training institutions approved by the state due to COVID 19 precautionary measures, to this end most training was done internally in 2020.

**Staff motivation** (Absenteeism ratio)

This indicator provides information on employee loyalty. It is obtained by comparing the number of daily absentees to the average workforce. The table below shows the evolution of this daily rate at the level of Algeria Post:

**Table 25:** Absenteeism rate

Year	2019	2020
Absenteeism	1.3%	1.5%

**Source:** document given at company level.

It is noted that the level of absenteeism for the year 2020 has increased by 0.3%. A slight increase in absenteeism rate which is considered a random factor that is difficult to interpret or predict. (Job Turnover)

$$\text{Job turnover} = \frac{\text{Leaving employees}}{\text{Workforce}}$$

Job turnover or "staff turnover" is an indicator describing the rate of staff turnover in an organization, Generally estimated as a percentage, the turnover is calculated from the ratio between the number of employees recruited and those who left the company during a well-defined period (very often an annual period), as well as the total number of people present in the company at the start of this period. We present below its evolution over the years 2019-2020:

**Table 26:** Job turnover evolution

Year	2019	2020
<b>Workforce</b>	28 089	28 162
<b>Leaving</b>	23	14
<b>Job turnover</b>	0.8%	0.5 %

**Source:** document given at company level.

As shown in the above table, we note a decrease in the job turnover level in 2020 (0.5) compared to 2019 (0.8) by 0.3 %. This positive decline, which is considered one of the factors of stability in the organization and one of the mechanisms of increasing productivity.

Refers, in a semi-direct way, to the stagnant state of the labor market in the shadow of Corona. This allowed most government institutions to preserve their human capital .

### **Productivity improvement**

$$Productivity\ ratio = Turnover / Number\ of\ employees$$

This indicator can be used by any type of business, regardless of the field of activity, The productivity ratio is an indicator that sheds light on the performance of human resources; it makes it possible to assess the level of staff contribution based on the turnover achieved.

We present below its evolution over the years 2019-2020:

**Table 27:** Productivity ratio

<b>Year</b>	2019	2020
<b>Turnover</b>	39.9 Billion AD	42 Billion AD
<b>Workforce</b>	28 089	28 162
<b>Productivity ratio</b>	1.4 Million	1.5 Million

**Source:** document given at company level.

Small increase in individual productivity by 0.1 Million. This increase is justified by an increase in the turnover along with a slight increase in the number of employees

### **III. THIRD STEP (Balanced Scorecard proposed model)**

After the explanation of the indicators choice, we can summarize in the following table: The balanced scorecard that can be implemented at the level of Algeria Post in order to measure its performance.

Table 28: Proposed Balanced Scorecard model

Perspective	Strategic objective	Indicators	Results	Target	Initiatives
<b>Customer perspective</b>	Increase the number of customers	Evolution of the number of new CCP accounts	▲ +4,9%	▲ +3%	- Algeria Post launches "EDAHABIA Premium" franchise service.  -Algeria Post launches a new mobile payment service for purchases
	Developing the company's image	Number of participation in social actions	▼ -720%	Hard to define a target	-Opening of a current account to receive contributions in response to the Corona pandemic.  -Participation in exhibitions and salons
	Increase customer loyalty	Number of active accounts on existing	▲ +5.7%	▲ +6%	- Signing an agreement of transactions between the monetary system of the Algeria Post and the interbank system.  - Allow retirees and older people to take out their grants through the agency.
		Average number of transactions per active account	▲ +19%	▲ +15%	-Developing the relationship with the customer through text messages that give information about their account

Table 29.continued

<b>Financial perspective</b>	Increase in turnover	Rate of change in Turnover	▲ +0.8%	▲ +1.5%	- Launch of the renewal process for expired "EDAHABIA" payment cards -Concluding many agreements with parties from different sectors to provide the electronic payment feature that would provide new incomes (ooredoo,Seaal,Air Algerie..) -Signing 33 agreements with dealers in the tourism field to popularize electronic payment
	Reduction of operating costs	Rate of change in operating Costs	▼ +12%	▼ +1%	-Trying to reduce equipment costs
	Improve profitability	Net Profit / Turnover	▲ +6%	▲ +8%	-Increasing the value of financial investments and concluding agreements with banks ( BNA.. )

Table 29.continued

<b>Learning and growth perspective</b>	Improving staff potential	Number of training sessions conducted annually	▼ - 343%	Hard to define a target	-train the personnel at the district level at the postal directorate of the concerned district( maintenance and repair services) - switching to internal internships instead of external due to COVID 19.
	Staff motivation	Job Turnover	▲ - 0.3%	Hard to define a target	-Exceptional grant for Algeria Post employees who are in direct contact with citizens in the COVID period. -The assurance of promotions and advancement to employees according to order of merit
		Absenteeism rate	▼ + 0.3%	Hard to define a target	
	Productivity improvement	Productivity ratio	▲ + 7%	Hard to define a target	-Creating an inspiring climate through social initiatives -The assurance of good conditions of work in offices. -Personnel motivation

Table29.continued

<b>Internal process perspective</b>	Development of the commercial network	Post offices number evolution	▲ +1.7%	▲ +2%	-Connecting more than 100 university centers and high schools to the online platform of Algeria Post. -Approval of the project to establish new post offices
	Ensure an equitable load between the stations of the network	Distribution rate of operations on the station	▲ +0.72%	▲ +2%	-Operating the smart waiting line system in 611 post offices
	Maximize ATM Availability	ATM availability rate	▲ +7%	▲ +20%	-train the personnel at the district level at the postal directorate of the concerned district( maintenance and repair services) -Train more than 100 technicians, to solve ATM problems

	Ensured the availability of post office connectivity	Number of offices connected via dedicated line	▲ 100%	▲ 100%	-Completion of 21100 G-Lte4 exits.  -Completion of 133,000 connections in high-flux optical fibers FTTX.
		Number of outages on the post office network	▲ -800%	▲ -200%	
	Increase the rate of operations digitalization	Ratio: online transactions / over-the-counter transactions	▲ +6.4 %	▲ +4%	-Algeria Post launches a new mobile payment service for purchases  -The development of all electronic platforms for the enterprise, including applications. And do a lot of updates

Source: Done by us.

## **Recommendations**

After designing the Proposed Balanced Scorecard model, here are some recommendations to optimise its effectiveness. These recommendations are inspired from a Doctoral Study done by (Timothy J. Zorek, 2020)

- Clearly defined business strategy with measurable strategic objectives, top management need to include measurable strategic objectives that describe the business strategy and focus on what is to be achieved and what is critical to its success.
- Effective communication ,the importance of effective communication regarding the business strategy to all stakeholders of an organization and how effective communication leads to effective BSC implementation, understanding the organizational strategy and intent requires effective and continuous communication.
- Managing the Change Initiative, having someone to lead and monitor the initiatives plan, as the implementation of the BSC in an organization, is critical to the successful completion of the change initiative.

## Conclusion

Today, strategy and the choice of management tools condition the management control process. Its objective is linked to cost reduction and value creation. As a result, the issue of performance evaluation has become much more complex. A performance management dashboard allows the operational to serve the strategy.

It allows the manager to execute a strategy or to improve a process. The Balanced Scorecard is a warning and signaling tool; it allows to prevent risks and to detect opportunities.

This is done by specifying the differences between a planned situation and an actual situation. In order to take decisions quickly and efficiently, and to implement new actions or correct actions already undertaken. It also allows managers to monitor the performance and counter-performance of their teams in order to take appropriate corrective measures at the appropriate time.

It is in this optic that our research work in this master's thesis was focused on the proposal of a model of prospective for the company of Algeria Post, It is noted that through the performance indicators of the customer perspective that Algeria Post realized some respectful objectives, but most of them are short lived ones, simultaneously, the internal processes perspective was the most performing by focusing on improving the quality of electronic services and the commercial network as a whole.

Through our model, decent achievements were reported in the learning and growth perspective given the fact that it was the most impacted by the Coronavirus. At last, a slight improvement was reported in the financial performance that did not live up to the expectations of the targets previously set. Starting from the theoretical side all the way to the proposed BSC model and the results showcased within, in our humble opinion we assume that the Balanced Scorecard could indeed be a useful performance measurement tool.

Theoretically, we have tried to highlight the contributions of the tool in improving performance, and we have shown its compatibility with the governmental institutions, given the fact that financial indicators are not their main concern. In practice, we were able to confirm that the Balanced scorecard can be used as a wakeup call by pointing out the deficiencies and pitfalls standing in the way of objectives realization, thanks to a set of indicators attributed to each objective selected through back and forth discussions with senior managers.

### **Limitations and future directions**

Our work has succeeded in exploring the adoption of BSC as performance measurement tool. Moreover the results were quite consistent with prior studies conducted in other part of the world, despite impressive findings; there are certain limitations that need to be dealt with

- The indicators choice was limited and not the most optimal to get the best possible results, the latter is due to the lack of relevant information and its confidentiality at the company level.
- The lack of references and similar works done previously in such institution (applying the BSC in a public sector institution)
- Our work is largely based on qualitative method. There is a need to engage quantitative method to find newer and more precise insights in the domain. These limitations can be assumed as the bases for carrying out further exploration of adoption of BSC

Although many of the limitations of this study lead to suggestions of future research and can be assumed as the bases for carrying out further exploration of adopting the BSC in certain areas, changing the mechanism of integrating and implementing of the Balanced Scorecard to be more efficient from the one we carried out, because of time constraints. Thus it would be ideal to implement it as a strategic management tool in order to get the best out of it.

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# **APPENDIX A**

## **INTERVIEW GUIDE**

## **Interview guide**

Hello, we are two students from the ENSM specializing in Strategic Management and Information systems. As part of the preparation of our end of studies project, namely “the balanced scorecard”, we wish to conduct an interview which will allow us to propose a model for Algeria poste.

### **Strategy questions**

- Is there a vision for the Algeria Post company for the years to come?
- What are your main strategic goals?
- Is there a deployment of strategy at the level of all divisions?
- How do you check the deployment of the strategy at the operational level?

### **Financial perspective related questions:**

- What are the strategic objectives for this department?
- How to optimize profitability within Algeria post ?
- How is turnover evolving? and what are the factors linked to its development?
- Do you have any indicators to answer such questions? If yes, what are they?
- What are the main actions undertaken to achieve the defined objectives?

### **Customer perspective related questions:**

- What are the strategic objectives for this department?
- What is the evolution of the number of Algeria post customers during the last 3 years?  
and what is the possible increase for this year?
- How does Algeria post develop its image with its customers?
- Do you have any indicators to answer such questions? If yes, what are they?
- What are the main actions undertaken to achieve the defined objectives?

### **Internal process related questions:**

- What are the strategic objectives for this department?
- Do you have dashboards that allow you to track your progress?
- Do you have an information system? If so, what are its main applications?

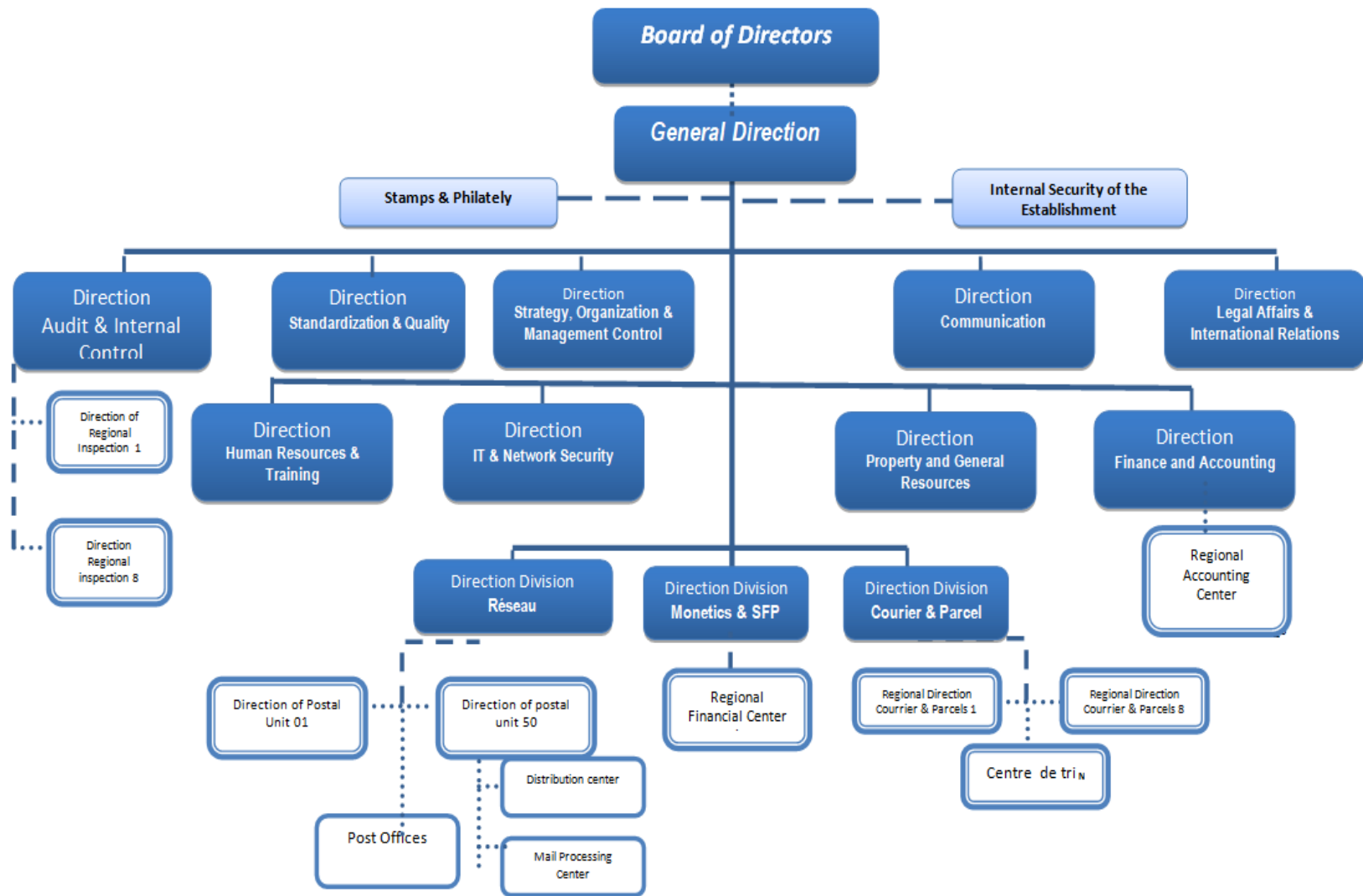
- What actions have been taken to improve the customer network ?
- What are the main actions undertaken to achieve the defined objectives?

**Learning And Growth perspective related questions:**

- What are the strategic objectives for this department?
- Is there a general and formalized human resources policy for the company?
- Is there a global training plan?
- What are the main actions undertaken to achieve the defined objectives?

# **APPENDIX B**

## **Algeria Post organizational chart**



**Board of Directors**

**General Direction**

**Stamps & Philately**

**Internal Security of the Establishment**

**Direction Audit & Internal Control**

**Direction Standardization & Quality**

**Direction Strategy, Organization & Management Control**

**Direction Communication**

**Direction Legal Affairs & International Relations**

Direction of Regional Inspection 1

Direction Regional inspection 8

**Direction Human Resources & Training**

**Direction IT & Network Security**

**Direction Property and General Resources**

**Direction Finance and Accounting**

Regional Accounting Center

**Direction Division Réseau**

**Direction Division Monetics & SFP**

**Direction Division Courier & Parcel**

Direction of Postal Unit 01

Direction of postal unit 50

Regional Financial Center

Regional Direction Courier & Parcels 1

Regional Direction Courier & Parcels 8

Distribution center

Centre de tri

Post Offices

Mail Processing Center