ISCTE Business School
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BALANCED SCORECARD EVOLUTION
CORPORATE RESPONSIBILITY PERSPECTIVE

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Balanced Scorecard Evolution – Corporate Responsibility Perspective

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Resumo

O conceito de Balanced Scorecard tem focado a atenção e o entusiasmo de muitos investigadores e responsáveis organizativos, reunindo uma crescente popularidade e reconhecimento entre os sistemas de gestão estratégica e de avaliação de desempenho organizacional, demarcando-se dos restantes modelos devido à integração de indicadores não financeiros bem como ao seu alinhamento com a estratégia organizacional.

A metodologia do Balanced Scorecard determina que todos os aspectos do negócio que podem influenciar o desempenho e o valor organizacional devem ser representados numa perspectiva, que equilibrada com as outras perspectivas do scorecard gera os principais indicadores para os futuros resultados financeiros das empresas, nesta óptica o BSC integra um núcleo válido de perspectivas para a avaliação de desempenho organizativa, especificamente financeira, cliente, processos internos e aprendizagem e crescimento.

Porém, vários elementos do ambiente empresarial e da organização estão ausentes ou se referenciados, sua importância não é completamente revelada e demonstrada, neste caso, está a Responsabilidade Social das Organizações, que apesar das evidências empíricas que sustentam o seu impacto positivo no valor da empresa e nos resultados financeiros da organização.

Neste trabalho é abordado conceito de Responsabilidade Social das Organizações descrevendo a importância e necessidade da integração de indicadores "de responsabilidade" na identificação de iniciativas que alinhadas à visão e estratégia empresarial potenciam o impacto e as sinergias que o Balanced Scorecard pode originar dentro de uma organização contemporânea que utilize a Responsabilidade Social como vantagem competitiva.

Palavras-chave:

Balanced Scorecard, Estratégia, Responsabilidade Social, Performance.

Classificação JEL

M10 - General ; M14 - Corporate Culture; Social Responsibility

Abstract

The Balanced Scorecard concept has focused the attention and enthusiasm of many investigators and managers, gathering an increasing popularity and recognition in the strategic management and performance appraisal systems, distinguishing itself from the other models due to the strategy alignment and the integration of non-financial indicators.

The scorecard methodology advocates that all the business aspects that can influence performance and organizational value should be represented in a perspective, which balanced with the other scorecard perspectives generates the leading indicators for future corporate financial results, in this optic BSC integrates core and valid perspectives for organizational performance appraisal, such as Financial, Customer, Internal Processes and Learning & Growth.

Even though, several elements of business and organization environment are absent or if referenced, its importance is not completely revealed and demonstrated, in this case is Corporate Social Responsibility, despite of the empirical evidences that sustain its impact on organizational value and in the financial results of the organization.

In this work is approached the Corporate Social Responsibility concept describing the importance and necessity of integrating "responsible" indicators, in order identify initiatives that aligned to corporate strategy and vision, potentiate balanced scorecard impacts and synergies within a contemporary organization, which employs Corporate Responsibility as a competitive advantage.

Key Words:

Balanced Scorecard, Strategy, Social Responsibility, Performance.

JEL Classification:

M10 - General ; M14 - Corporate Culture; Social Responsibility

Executive Summary

Evolution brought to the business environment two main challenges: competitiveness and globalization, this increasing competition and globalization levels, which in addition to other elements such as market exigency, customer demands and society concerns represent the key ingredients for this stifling climate that contemporary organization are facing and struggling with.

These factors are forcing organizations to execute better, with superior quality, minimizing costs, reduced time-cycles, while being innovative, meaning to perform efficiently and to present a superior argument that distinguishes itself from the general market offer.

In order to gauge these efficiency levels, organizations have to establish a coherent performance measurement system that best analyses organizational processes that create value, the foundation to identify performance gaps and to promote respective precise corrective actions.

There are various performance measurements systems that can provide an accurate and lean organizational performance analysis, between these models, that exists one that is generally considered to be the most completed and precise, the Balanced Scorecard (BSC).

Balanced Scorecard is a performance appraisal system that enables organization to thrive efficiency through the performance assessment aligned with strategy, providing management with a coherent and accurate classification of the current situation and the identification of the improvement requisites and the strategic path to achieve long-run objectives.

In the first part of this work, is unveiled the ideology of Balanced Scorecard, a performance appraisal system that enables organization to thrive efficiency through the recognition of improvement requisites aligned with strategy, providing management with a coherent and accurate classification of the current situation and the identification of the strategic path to achieve long-run objectives.

Subsequently, in the second part, is presented the Balanced Scorecard methodology, BSC advocates a performance appraisal system based on the integration of

organizational vision and strategy into sets of reasoned objectives and consistent performance measures, segmented into four perspectives, which congregates the business activities that influence the present and future value to the organization.

These perspectives are, *Financial*, consisting in the strategy for growth and profitability viewed from the perspective if the shareholder's. *Customer* the strategy for creating value and differentiation from the customer perspective is evaluated through indicators related to customer's perception of business, *Internal Processes*, evaluating the priorities for excellence in various business processes which aim to increase customer and shareholder satisfaction. And finally the *Learning and Growth Perspective,* the initiatives to create a climate that supports organizational change, innovation and growth.

To compete effectively and successfully an organization needs to align all corporate resources and business processes with the strategic objectives. In the topic, Strategic Management through Balanced Scorecard is demonstrated the importance of strategy alignment in a effective BSC and consequently in a successful organization , describing the processes that a organizations should follow to guarantee this strategic alignment between Collaborators, initiatives and objectives, these process are: defining cause-effect relationships, identifying performance drivers, and finally linking these drivers to financial measures.

Balanced Scorecard ideology advocates that all the business aspects that can influence business performance and organizational value, should be represented in a perspective, which balanced with the other scorecard perspectives generates the leading indicators for future corporate financial results.

The motivation behind this work is to demonstrate the interest or business necessity of including Corporate Responsibility as the fifth BSC perspective, this argument arises from the demonstrated impacts that Corporate Responsibility elements have in contemporary businesses, and supported through empirical evidences from several studies.

Evidences from the studies conducted by Rahman Ahmad and Crawford and Scalleta demonstrated that, BSC can be used to align and measure CSR to create competitive advantage by helping organizations strategically manage the alignment of cause and

effect relationships of external market forces and impacts with internal CSR drivers, values and behaviors

Additionally, in the study performed by Tsoutsoura, the author demonstrated that organizations that follow a Corporate Responsibility strategy are potentiating their future financial results and therefore, business success.

The final chapter of this dissertation analyzes data collected from series of interviews which intended to illustrate the necessity of integrating a new perspective, the Corporate Responsibility perspective into to the model.

The interviewees are professionals from the human resources or strategic departments, knowledgeable of Balanced Scorecard methodology. These interviews provided the practical evidence, that managers from contemporary organizations perceive and employ Corporate Responsibility as a competitive advantage, which business should potentiate in order to gauge the impacts in financial results, and these managers see Balanced Scorecard model as the instrument to make it happen, if adapted to the current conjecture.

Part I: Balanced Scorecard

1. Balanced Scorecard Ideology

The Balance Scorecard (BSC) concept was primarily developed and approached by Robert Kaplan and David Norton in an empirical study realized in 1990 in result of researches conducted in twelve large American corporations that verified the growing inefficiency and imprecision of relying its corporate performance measurement systems exclusively on financial indicators.

In cause was these companies ability to accurately define and measure the activities that generate value in contemporary organizations, and the capacity to identify gaps and to enable improvement actions that instigate long-term organizational success. Russo (2006)

Kaplan and Norton conclusions from this study were published in a Harvard Business Review *"The Balanced Scorecard – Measures that drive performance"*, where the authors defined BSC as a performance measurement system that "... *provides executives a comprehensive framework translating a company's strategic objectives into a coherent set of performance measures… It complements traditional financial indicators with measures of performance for customers, internal processes, and innovation and improvement activitie*s…" (Kaplan and Norton, 1996:24)

This article revolutionized the corporate performance appraisal systems, arguing that the integration of non-financial measures in the appraisal methodology in cooperation with the everlasting financial indicators enables organizations to recognize the current performance status, and identify the expected long run business evolution and outcomes in all areas of the business.

BSC approach has been developing since then, in various publications from Kaplan & Norton and other authors, evolving from an organizational performance appraisal system to a strategic management tool, essential in an effective and competitive organization.

Ideologically, BSC is a performance measurement system that integrates corporate strategy and vision into a set of coherent indicators, which define how operational and strategic objectives are being accomplished and evolving in order to achieve long-term

financial results. This model detached from the existing organizational performance appraisal methodologies based exclusively on financial indicators, models which failed to recognize the impact that non-financial indicators have on performance improvements. (Russo, 2006)

As Kaplan and Norton referred "The Balanced Scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy", focusing in the cause effect relationship between the two, past models did not recognize or integrate strategy as part of the system.

In past times companies competed based in investments and tangible assets, making it easy to measure and compare performance strictly in financial indicators. The growing importance of intangible assets as competitive advantages without reflection on financial accounting resulted in the development of BSC methodology exploiting the competence to actively manage and explore independent variables, in order to promote effectiveness. Russo (2006)

BSC revolutionary methodology was rapidly assimilated in business environment, gathering unanimous support and universal enthusiasm. Business leaders and decision makers embraced this innovative approach as a fresh lift in the performance appraisal systems, a model that could more easily and specifically identify where process, activities or policies could be improved, and act upon it, a possibility that models based in the analysis of financial and statistical indicators did not account for.

A radical change in the evaluation systems has emerged, with the BSC approach strategic and operational business elements are now accounted for, and the relation between operational and financial indicators is in this model specifically identified and measured. The effectiveness of BSC is based on its ability to translate mission and strategy into a comprehensive set of performance measures (Kaplan and Norton, 2001).

Is important to stress that correlation between financial and non-financial indicators has always existed, is not an original fact, but the difference between past models and the BSC, is that, in precedent models these measures were simply considered inherent to financial results, with the BSC methodology non-financial measures are considered the leading indicators for future business success.

BSC approach changed management mentality, telling managers that by concentrating organizational efforts of non-financial indicators, financial targets would be naturally reached, meaning, that managers have to focus in performing well in non-financial indicators knowing that they will logically lead to positive financial outcomes. The idea conveyed is that, if the processes and business components that are under control and object of an intense scrutiny don't produce a positive effect on financial results its due to external business factors that upper management can't be held responsible. Russo (2006)

BSC methodology focused the organizations attention in a performance measurement system that assures the necessary innovation to organizational change and future success, in a global and competitive economy (Chow *et al*., 1997:21/22).

The insertion of non-financial indicators in measurement systems is originated when recognizing the requirements in areas such as customer satisfaction, internal efficiency, innovation, and other qualitative variables crucial for and effective decision making. These non-financial indicators, also called independent variables, provide management with a more efficient identification of relevant strategic elements and increase the possibility of improving successfully the fundamental strategic areas of the business.

Ideologically the insertion of these independent variables was straightforward to establish, but transiting to a more practical approach the subjectivity and difficulty of determining and measuring these indicators ruled, created the main challenge for most of the managers.

Russo (2006) referred that, financial indicators have been intensely studied and undergone more than one century of development and refinement creating financial metrics that are well formulated, reasoned and standardized presenting an incontestable validity in organizational performance evaluation systems, due to its historic employment. In contrast, the newly appeared independent variables present a lack of validation and uniformity, creating a sense of distrust and uncertainty over the defined metrics, trust that every system has to present in order to be efficient and widely supported in contemporary organizations.

In order to accurately define indicators and metrics that clearly evidenced the importance of these intangible assets, BSC authors defined a strategic aligned model

that balanced all the value creating elements into one single system, which enables the identification of what really creates and sustains the competition level, allowing managers and business leaders to act rapidly in order to assure the creation of future economic value.

2. Balanced Scorecard Methodology

This chapter is constituted by a detailed description of the BSC methodology, in order to increase the understanding of this tool and to facilitate and support the analysis of this dissertation.

2.1 Balanced Scorecard Perspectives

2.1.1 Introduction

The Balanced Scorecard methodology advocates an organizational performance appraisal system based on the integration of organizational vision, strategy and goals, into sets of reasoned objectives and consistent performance measures, segmented into four perspectives, which congregates the business activities that influence the present and future value to the organization.

Kaplan and Norton (1992) defined BSC as a management tool which intends to provide managers and business leaders with a global and integrated view of the organizational performance in line with the financial perspective, and additionally integrating three non-financial perspectives, related with intangible factors essential form a strong future performance.

Russo (2006) represented the perspectives presented in the BSC methodology as:

- **Financial** – Related to the shareholders return on investment and satisfaction;
- **Customer** – Related to the customer loyalty and satisfaction achieved through the delivery of differentiated value propositions;
- **Internal Processes** – Related with the excellence of the operations and activities, that lead to customer and shareholders satisfaction;
- **Learning and Growth** – Related to the inspiring and motivating climate that enables innovation, Collaborator satisfaction, change and improvement;

The BSC perspectives are represented in a strategic map, which evaluates the objectives, measures targets and initiatives established for each perspective, and its alignment to the organization vision and strategy.

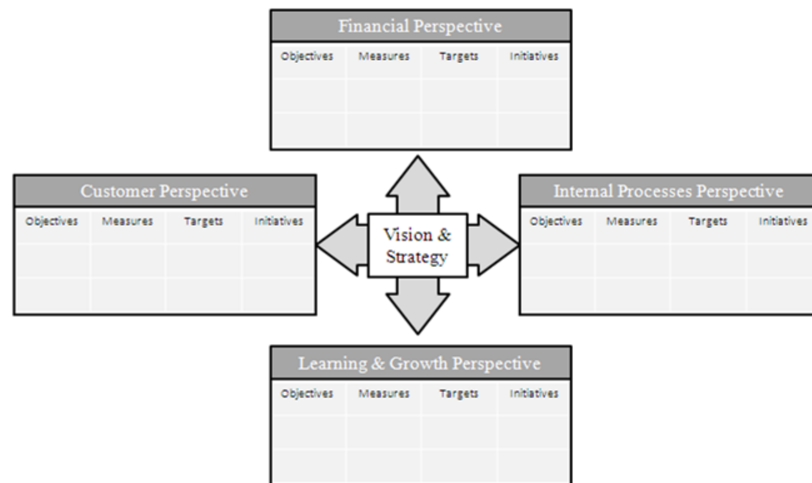

Figure 1: Balanced Scorecard Perspectives (Adapted from Kaplan and Norton, 1996)

Kaplan and Norton (1996) referred that the Financial, Customer, Internal Processes and Learning & Growth perspectives of the scorecard permit a balance between short and long-term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objectives measures and softer, more subjective measures, enabling companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth."

"This way, BSC assures the equilibrium between capabilities that generate future value, through investment in customers, suppliers, collaborators, processes, technology and innovation, and recognition of the financial outcomes in the short-term by the shareholders." (Chow *et al.,* 1997:23)

It is essential to retain that these perspectives are integrated and balanced between each other's and strategically aligned, structured not in a group of isolated, unconnected and conflicting indicators lost in a static frame, contrarily, in a capable BSC implementation these indicators are articulated and linked to communicate efficiently across the organization in strategic themes such as increasing revenues, improving cost and productivity, enhancing asset utilization, and mitigating risk. Through these inherent organizational bonds BSC assures a coherent equilibrium between the elements of business that creates value, empowering a system that supports business strategy communication and assimilation through the collaborators and organizational structure. (Russo, 2006)

2.1.2 Financial Perspective

The Balanced Scorecard Financial perspective is the strategy for growth and profitability viewed from the shareholders perspective, it congregates the efforts and results from each perspective, meaning that every indicator present in the BSC constitutes a cause-and-effect relationship whose ultimate impact is pretends to be the improvement of financial performance, attaining shareholder's interests. Shareholders focus on financial results, expecting profitability and effectiveness for the capital invested, as Madeira (2000:49) summarized *"...Financial indicators represent the long-term objectives, meaning that, they aim to generate return on the capital invested in the business unit."*

Kaplan and Norton (1996:48) stated *"...the financial objectives and measures must play a dual role: they define the financial performance expected from the strategy and they serve as the ultimate targets for the objectives and measures of all the other scorecard perspectives."*

In order to grant this alignment and corporate involvement, the scorecard should start by establishing the long-term expected financial objectives, and from there drilldown to the motivators to achieve these financial results, through the other BSC perspectives, customer, internal processes and learning and growth.

Kaplan and Norton (2001) analyzed how organizations create value for the shareholders, concluding that this value is generated through two fundamental aspects:

- **Profit Growth** – A strategy based on the growth of sales through the supply of the existing or new solutions in existing or new markets.
- **Productivity** – A strategy based on the cost reduction, time reduction, quality growth or a more efficient employment of the available resources, consequently less capital invested.

Russo (2006) referred that financial indicators are defined to generate earnings for the capital invested in the organization, in order to accurately establish a consistent indicator, management has to be aware of the strategy adopted, and that is usually related to the stages of the activity life-cycle: growth, maturity and decline.

Is not wised to expect a twenty percent growth in sales knowing that our activity is in the maturity stage, so in each of these stages, the different stage characteristics have to be strictly integrated with the established objectives, because they affect the general strategy to be followed.

The following table is a catch of the characteristics and financial objectives in the organization depending on the life-cycle stage.

Stage	Characteristics	Financial objectives
Growth	- High Infrastructure Investments - Creation of Internal Processes - Developing customer accounts	- Sales and Revenue Growth - Adequate Expense Levels
Sustain	- Effectiveness Seek - Internal Processes Improvement - Growing Production Capacity	- Profitability - Operational Revenues Maximization - Revenues / Capital invested ratio growth - Return on Investment - Value Added Growth
Harvest	- Financial Fluxes Maximization - Substitution Investments - I&D Cost Reduction	- Money Fluxes Maximization - Net Working Capital Reduction

Table 1: Life Cycle Stages (Adapted from Hernandez *et al*, 2000:53)

Through the experience at the organizational level, Kaplan and Norton (1996) derived to a three financial strategic themes that drive the corporate business strategy:

a) Revenue Growth and Mix
b) Cost Reduction and Productivity Improvement
c) Asset Utilization and Investment Strategy

a) Revenue Growth and Mix

This aspect is attainable, through expanding product and service offerings reaching new customers and market segments, changing the product mix toward higher value added offerings, and re-pricing products and services.

b) Cost Reduction and Productivity Improvement

The cost reduction and productivity objective refers to efforts to lower direct costs of products and services, reduce indirect costs, and share common resources with other business units.

c) Asset Utilization and Investment Strategy

Reduction of the working capital levels required to support a given volume and mix of business. Better utilization of business capacity and resources, aiming for the full capacity, using scarce resources more efficiently. Balanced Scorecard bases its methodology on the performance evaluation through series of indicators, in the financial perspective, as demonstrated previously, indicators should be different for each stage of the activity life-cycle. Table 2 synthesizes the critical factors and the performance indicators for each stage.

Stages / Critical Factors	Performance Indicators
Growth: New Products/Services, reaching new customers and markets or growing in the existing markets	- Market Share - Business Volume - Business Volume Growth Rate
Profitability: Asset management and results capability	- Profitability - Growth Margin - ROI – Return on Investment - ROCE – Return on Capital Employed
Value Creation: Capability to create value to the shareholder	- EVA – Economic Value Added - CVA – Cash-Value Added - AV – Added Value

Table 2: Financial Perspective Indicators (Adapted from Jordan *et al,* 2002)

Acknowledging that objectives are quite different depending on each life-cycle stage is the beginning to recognize and adapt its own specificities and characteristics to the strategies that affect the expected financial output.

Balanced Scorecard is a dynamic system therefore it automatically assimilates changes in business structure, there are cases where through a series of change at technological, market and regulatory levels, caused a transformation in the life-cycle positioning, reformulation business strategies, this is based in a periodically revision of the financial objectives and strategy, incorporating market trends, global events and economical conjecture.

For Russo (2006), when an organization establishes the financial indicators through the BSC approach it aims to achieve two objectives:

- Define and assess the expected financial performance from the followed strategy (Long-term objectives)
- Establish the final target for the objectives and measures from the other perspectives.

"To reach the financial targets, an organization much focus on the necessities and requirements of the customers, after all they are the ones that allow paying the costs and generate profits. Therefore, the financial targets are the ultimate requisite, existing several means to reach them, namely through the customer relationship management" (Russo 2006:37)

2.1.3 Customer Perspective

From the gathered experience Kaplan and Norton (1996) stated that in order to act accurately and specifically to understand and reach the customer, organizations must follow an implicit customer chain:

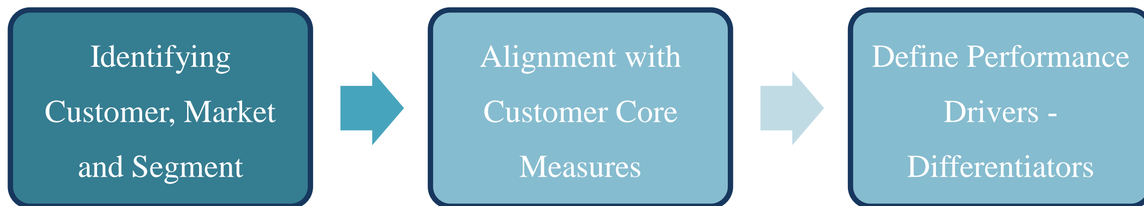

Figure 2: Customer Chain (Adapted from Kaplan and Norton, 1996)

"In the Customer Perspective, organizations define the strategic approach to reach the customers and markets, identifying how they want be recognized in the market and how they will deliver value to the customer." (Russo, 2006:38)

Identifying Customer

Organizations following this customer chain should start by identifying and selecting customers, markets and segments which they want to provide its solutions and that will generate revenues, the financial component.

Russo (2006) defined that this market segmentation is done using in-depth market research, which reveals, the different preferences for each market, in terms of price, quality, functionality, image, reputation, relationship and service.

Understanding that different market and segments, have their own value, potential, characteristics and preference, identifying them and integrating them in the production process is one of the elements for the success formula, that will be translated in the objectives and measures for its markets.

Kaplan and Norton (1996) concluded that, generally organizations consider two types of measures for the customer perspective:

a) Customer Core Measures
b) Performance Drivers – Differentiators

a) Alignment with Customer Core Measures

Kaplan and Norton (1996:67) referred that "...The core measurement group of customer outcomes is generic across all kinds of organizations." These measures are:

- Market Share
- Satisfaction
- Loyalty
- Retention
- Acquisition
- Profitability

Understanding what satisfies and retain customer's in these markets, is a crucial aspect where is demonstrated the knowledge and the importance that customer's represent for the organization, knowing that organizations will integrate this aspects in the offering, gathering customer preference, enabling the

Critical Factors	Performance Measures
Profitability	- EVA – Economic Value Added - Sales Client Profitability
Satisfaction	- Customer Satisfaction Index - Delivery Times - Delivery Schedule
Retention	- Business Volume and Business Volume by new clients
Loyalty	- Business Volume Growth by existing customers
Market Share	- Market Share

Table 3: Customer Perspective Indicators (Adapted from Jordan *et al., 2002*)

b) Define Performance Drivers - Differentiators

Kaplan and Norton (1996) established that beyond the generic measures used throughout all businesses, successful organizations must define the customer value propositions, meaning that an organization has to define which the differentiator that creates value for the customer is, that none of the competitors offer, creating an added value for the solution provided, that inspire loyalty and satisfaction in the targeted customers.

Kaplan and Norton (1996) determined that these differentiators can be structured into three categories:

- **Product and Service Attributes** – Product or Service functionality, price and quality.
- **Customer Relationship –** Delivery to the customer, response and delivery time and how the customer evaluates the interaction with the company.
- **Image and Reputation –** Intangible factors that attract customers to a company

This customer focus is a relatively recent approach in business processes, in the past organizations focused strictly on internal processes, aiming for superior product performance and technological innovation, regardless of the fact that they weren't supplying the markets with customer's demands, therefore, a company that was aware of customer's requirements and that incorporate them in the product or service, would accomplish customer preference and loyalty, therefore higher financial results.

Generally, organizations tend define value propositions that relate to measures involved with price, quality and time, due to the proximity and visibility of these factors in the customer interaction.

Kaplan and Norton (2001) referred that organizations differentiate their value propositions through three factors:

- **Operational Excellence** – Providing the customer with an high quality selected product, at competitive prices, which involves reduced production and delivery times;

- **Customer Intimacy** – Stimulating customer intimacy through the offer of a superior service, with personalized solutions for the individual necessities of the customer.
- **Product Leadership** – Focusing on the functionality, quality and performance of the product or service.

Smith and Wright (2004) summarized the BSC intention on focusing and evaluating the organization efforts to satisfy the market, referring that the customer-based virtuous cycle, whereby investment in employee training leads to improved service quality, which in turn results in higher customer satisfaction leading to increased customer loyalty, which boost revenues and margins, satisfying both customer requirements and shareholders expectations.

2.1.4 Internal Processes Perspective

Kaplan and Norton (1996) defined the Internal Process perspective has the area where managers identify the processes that are most critical for achieving customer and shareholder objectives.

To grant the achievement of such goals, organizations tend to develop objectives and measures for this perspective after formulating objectives and measures for the financial and customer perspectives. As Kaplan and Norton presented, this sequence enables companies to focus their internal business processes metrics on those activities that will deliver the objectives established for customers and shareholders.

Although several organizations evaluate this area of the business, usually they tend to focus their performance measurement systems on improving existing operating processes, contrarily "...the Balanced Scorecard approach motivates business leaders to define a complete internal process value chain that starts with the innovation process, proceeds through the operations process and ends with postsale service." Kaplan and Norton (1996:92)

These traditional measurement models, like in all the other areas, focused on controlling the existing operations, relying exclusively on financial indicators and variance reports for evaluating operational processes, neglecting the superior importance of non-financial indicators such as quality, time cycle, productivity, and others that truly reflect the performance of an business unit.

For Brewer and Speh (2000) the Internal Processes perspective pretends to identify what organizations need to reengineer in order to recognize and overcome the customers' necessities and expectations. For this effect, a performance measurement system must resort essentially to non-financial indicators, mainly focused on four types of attributes: Quality indicators, Timing indicators, Flexibility indicators and Cost indicators.

Although every business has a distinctive set of methods and procedures when it comes to create value for customers and delivering results to the shareholders satisfaction, Kaplan and Norton from the experience gathered from the researches conducted in diverse organizations and its internal processes, identified three main internal processes

that were similar to all organizations and congregated them into a Generic Value Chain Model. This Model is characterized by:

Figure 3: Generic Value Chain Model (Adapted from Kaplan and Norton, 1996)

Each stage of the Value Chain model has its own set characteristics depending on function and orientation:

1. **Innovation Process**

As Kaplan and Norton (1996) presented, in this stage organizations pretend to identify current and future customers' needs and to develop new solutions for this needs and preferences. Although some business unit's value chain present the research and development process as a support operation, this internal process is critical, representing one of the leading indicators for future financial results, it is in this process that an organization develops a differentiated product, that distinguish from the offered by the competitors, affecting long-term value, in opposition to the other value chain elements, operation process and postsale services that generate value exclusively in short-term. In this stage is fundamental "...efficiency and promptness of the product or service developing." (Russo, 2006:43)

The measures to evaluate the performance in the Innovation process are presented in table 4.

2. **Operations Process**

"The Operations process represents the short wave of value creation in organizations. It starts with the receipt of a customer order and finishes with delivery of the product or service to the customer." (Kaplan and Norton 1996:104)

In this stage is crucial to assure that the customer receives the product or service in time, efficiently and consistently, it's in these areas that the performance indicators must be focus in order to assess coherently the elements that create additional value to the customer, these indicators are described in table 4.

3. Postsale Service

Russo (2006) described this stage as relating to the customer support services, namely the warranties and repair activities, treatment of complains and returns and the processing of payments, which contribute to the total satisfaction of the customer requirements and preferences.

In order to assess the performance in the postsale service activities an organization should resort, to the indicators that are presented in table 4.

Stage of Value Chain	Indicators
Innovation Process	- % New Product Sales - Time spend to develop new products - Quantity of new product launched in the market in comparison with competitors - Percentage of flawless products
Operation Process	- Quality Levels - Trust - Differentiator Characteristics - Time Cycle - Operational Costs Value
Postsale Service	- Complain Solving Time - Resources and Costs spend post sale - Credit Volume

Table 4: Value Chain Stages and Indicators (Adapted Kaplan and Norton, 1996)

Russo (2006) referred that in these stages of the value chain, a lead common factor is the time, a reduced cycle-time means a competitive advantage towards the competitors, meaning that the company with shorter cycle, is the one that develops quickly the product, that first supplies the market with this solution, and the one that will be recognized as the innovator, all the others will be consider the followers.

2.1.5 Learning and Growth Perspective

Kaplan and Norton (1996) referred that "The objectives established in the financial, customer, and internal business process perspectives identify where an organization must excel to achieve breakdown performance. The objectives in the learning and growth perspective provide the infrastructure to enable ambitious objectives in the other three perspectives to be achieved."

Customer and Internal Processes measures identified the elements that influence their competitive success, but in a fast change environment, where elements for business success are under constant evolution and transformation, there is a great pressure for companies to predict and identify these business opportunities and threats and act upon it, this is only attainable through the employment of the organizational intellectual capabilities. Learning and Growth perspective defines these infrastructure and intellectual capital indicators that enable companies to achieve exceptional results on the previous perspectives.

Russo (2006) referred that despite of the importance of investing in these capabilities to potentiate future results, often, organizations tend to be "long-term blind", meaning that, when pressured to grow profits, managers tend to crush costs, cutting on investments that don't influence short-term results, failing to enhance these infrastructural and intellectual capabilities and not recognizing the future impact of these elements in financial success, and in many cases risking the future business competitiveness.

For Kaplan and Norton it is imperative for the future success of an organization to invest in not only the traditional areas for investment such as new equipment and product research and development, but also in the infrastructure that potentiate these investments, Collaborators, systems and procedures.

With this approach and from the experience gathered across organizations in multiple sectors, Kaplan and Norton (1996) structured the Learning and Growth perspective in three major categories, which affects organizational infrastructure capability to perform efficiently:

a) Collaborators Capabilities
b) Information Systems Capabilities
c) Motivation, Empowerment and Alignment

a) Collaborators Capabilities

As Kaplan and Norton (1996) stated, the Collaborators role has been significantly evolving in relatively recent times, in the past Collaborators were seen as one element of the production line doing all the routine work based on the Fordism production line, nowadays these routine jobs are computer controlled and automated, Collaborators are now consider the fundamental ingredient of the organizations, shifting from a strictly operational role, to an empowered position with higher responsibility and recognition.

This evolution enables Collaborators to focus on noble areas, such as client interaction, investigation, among others. This repositioning led to the emergence of new necessities, organizations must guarantee the right tools for Collaborators to obtain an excellence performance, and this is achieved through training and development.

For example in a client sale, Collaborators must be trained to not exclusively react to customer, but to have a more dynamic and active positioning anticipating customers necessities and preferences, providing a more complete service which customer values. J. Russo (2006)

From the experience gathered Kaplan and Norton (1996) described that most of the organizations resort to three core employee measurements, which are:

- Collaborator Satisfaction – *The driver for retention and productivity*
- Collaborator Retention
- Collaborator Productivity

These measurements provide the indication that if a Collaborator is satisfied, it will stay on the organization longer, and in this time it present and higher productivity, this is evaluated through the indicators presented in table 5.

b) Information Systems Capabilities

Generally, Collaborators motivation and skills generate a great impact in business processes and productivity, but normally is not enough, assess to reliable, consistent and essential information in real time is a fundamental ingredient for a successful costumer interaction, internal processes monitoring and effective decision making. (Kaplan and Norton, 1996)

"Efficient information system are essential for a good performance by the Collaborators, whether in the direct contact with the customer, whether in the internal operational processes." (Russo 2006:48)

The indicators in table 5 describe what measures should an organization focus when evaluating the real time availability and reliability of the information about customers, internal process and financial consequences of the chosen decisions, fundamental aspects for the efficiency of an organization in a competitive market.

c) Motivation, Empowerment and Alignment

Kaplan and Norton (1996:136) 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 best interest of an organization or if they are not given freedom to make decision and take actions."

A motivating, empowering and aligned organizational mood is crucial for an effective Collaborator contribute in achieving corporate objectives. Contemporary organizations, aware of complexity of this theme, are empowering and encouraging Collaborators to take initiative, making them part of the decisions, listening to their opinions and mobilizing them to take actions. Best practices suggest evaluating these aspects in the organization structure through the indicators present in table 5.

Categories	Performance Indicators
Collaborator Capabilities	• Collaborators Satisfaction Index • Average value of compensation and benefits
Information Systems Capabilities	• Percentage of processes with real time quality, cycle time, and cost feedback available • Percentage of customer facing Collaborators wit instant access to customers information • Value invested in information technology per Collaborator
Motivation, Empowerment and Alignment	• Collaborators Suggestions • Implemented Suggestions

Table 5: Learning and Growth Perspective Indicators (Adapted from Kaplan and Norton, 2002)

After identifying the objectives and measures used to assess the performance in the Learning and Growth perspective, organizations complete their strategic map, aligning and connecting the four perspectives.

2.2 Aligning Balanced Scorecard Perspectives with Strategy

The central elements of Balanced Scorecard are the four perspectives in which performance drivers are identified and defined. However, an effective scorecard is more than *"a mixture of financial and non financial measures, grouped into four distinct perspectives".* Kaplan and Norton (1996)

A successful scorecard implementation is based on an intrinsic bond that communicates and integrates organizational strategy and objectives in the measures and indicators from each perspective.

Evidences sustain that "those companies that can translate their strategy into their measurement system are far better able to execute their strategy because they can communicate their objectives and their targets" Kaplan and Norton (1996)

The question is how a scorecard can accomplish this alignment? This association is based in a fundamental aspect, communication, being communication of strategy, individual and departmental contribution, global and specific targets and their measures.

This communication bond has an automatic benefit, "enabling managers to focus in the critical drivers for business success, aligning investments, initiatives and activities to attain the strategic objectives." Kaplan and Norton (1996)

Kaplan and Norton defined the importance of relating perspectives with organizational strategy and communicating it effectively:

- Creates understanding and involvement between Collaborators and business vision
- Creates an holistic model where Collaborators perceive their contribution for organizational success
- Establishing accurate measures and indicators enables organizations to focus on change efforts

Through BSC the organizational strategy is transparent and automatically assimilated by the Collaborators, defining the steps for business success, aligning management and organization into a common achievement mindset, where every element of the organization understand its role, expectations and contribution for, the organization success.

Creating Alignment

Ideologically, alignment is straightforward to establish, but transiting to a more practical approach the subjectivity and difficulty of determining the methodology to translate strategy into measures and indicators was the main challenge for most managers, to simplify this process, Kaplan and Norton defined three fundamental aspects that all measures have to present in order to guarantee its strategic alignment:

1) Defining Cause-Effect Relationships
2) Identifying Performance Drivers
3) Linkage to Financial Measures

1) Defining Cause-Effect Relationships

Kaplan and Norton (1996:31) stated that "*...Every measure selected for a Balanced Scorecard should be an element of a chain of cause-effect relationships that communicates the meaning of the business unit's strategy to the organization*."

Strategy is by definition the means by which objectives are consciously pursued and obtained over time, meaning that when an organization defines an improvement action (the cause), it is expected that it will have future implications.

Knowing the corporate strategic objectives, organizations can define the path or the set of actions that will lead to their achievement. For an example, if an organization provides training about products, Collaborators will be more aware of product characteristics, increasing sales effectiveness and customer satisfaction.

To support these processes organizations have been developing a strategic map, visual representations of the critical objectives, and the linkage to the other perspectives, this is a time consuming task, due to the research and analysis involved that organizations tend to neglect.

The following figure is an illustration of a simplified model of an organizational strategic map, which demonstrates the cause effect relationships between perspectives:

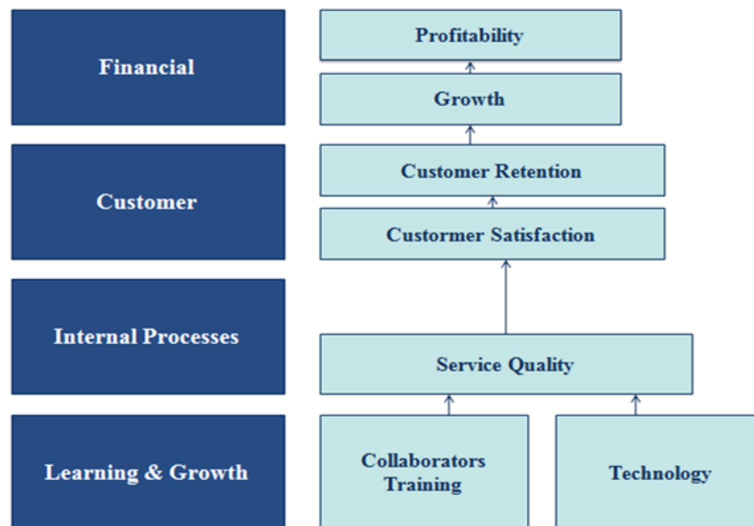

Figure 4: Cause- Effect Relationships (Adapted from Hernandez *et al.*, 2000:52)

2) Identifying Performance Drivers

Kaplan and Norton (1996) established that "A good Balanced Scorecard should have an appropriate mix of outcomes (generic measures) and leading indicators (performance drivers)."

These two types of indicators are defined as:

- **Generic Measures** - Reflecting generic common goals of different strategies such as, profitability market share, customer retention.
- **Performance Drivers** - The lead indicators, exclusive for a particular business unit, reflecting the characteristics and uniqueness of the business unit strategy such as the internal processes and learning and growth objectives that deliver value propositions to customers.

The scorecard effectiveness depends on the mixture between these two sets of measures, generic measures alone wouldn't clarify how the results derived, the same way a scorecard based exclusively on performance drivers would produce short-term operational improvements that wouldn't translate to future financial results.

Managers have to accurately identify the performance drivers and relate them with generic measures, a correct identification of these drivers is the first step to recognize and to actively evaluate the actions that potentiates their future effects in financial results.

3) Linkage to Financial Measures

The last aspect in achieving a strategic alignment between all the perspectives that integrate the BSC methodology is the linkage to financial measures, Kaplan and Norton summarized this element as *"Ultimately, causal paths from all the measures on a scorecard should be linked to financial objectives."*

Contemporary organizations are facing intensive and constant competitive cycles, pressuring companies improve internal methods in order to deliver higher quality, innovative products and services at competitive prices, with the minimum time-cycle involved in the process, leading organizations to strategically invest in programs to improve the quality, customer satisfaction, innovation and employee empowerment in the organization.

Kaplan and Norton argue that while these goals can lead to improved business unit performance, they may not if these goals are taken as the ultimate objectives themselves, this occurs because recurrently organizations fail to recognize that these improvement programs have in the end, to reflect in financial results, retaining the BSC emphasis on outcomes such as, return-on-capital-employed or economic value added, to gauge earnings or losses of these programs, understanding if there are successful, or simply investment failures.

2.3 Strategic Management through Balanced Scorecard

Recurrently, organizations struggle to relate their financial plans to its long-term strategic objectives, this occurs because numerous organizations present an “immediate results” mindset, in a Harvard Business Review *“Using the Balanced Scorecard as a Strategic Management System”* Kaplan and Norton, argue that this happens because organization don’t assimilate enough the leading indicators future growth (customer, internal business processes, learning and growth) into the budget, failing to exploit intangible assets that have become far more decisive than their ability to invest in and manage physical asset.

This inability to link an organization long-term strategy with its short-term actions, is a serious deficiency of many organizations, deficiency that a successful implementation of Balanced Scorecard can overcome. “Managers using the Balanced Scorecard do not have to rely on short-term financial measures as the sole indicators of the company’s performance. The scorecard lets them introduce four new management processes that, separately and in combination, contribute to linking long-term strategic objectives with short-term actions.” (Kaplan and Norton, 1996)

Kaplan and Norton structured these four processes that bind short-term activities to long-term objectives, as:

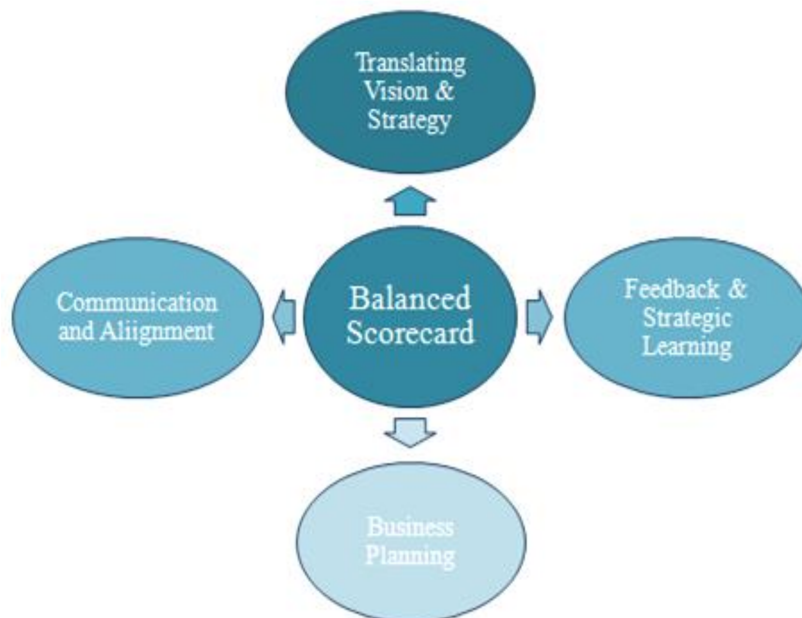

Figure 5: Strategic Management through BSC (Adapted from Kaplan and Norton, 1996)

1. Translating the Vision

The first process of promoting a solid relationship between present acts and future results is, translating vision, it allows managers to build consensus around the organization's vision and strategy. Kaplan and Norton referred "…Despite the best intentions of those at the top, lofty statements about becoming "best in class" or the "the number one supplier" don't translate easily into operational terms that provide useful guides to action at the local level."

In order for the Collaborators to align their role to the vision and strategy statements, those statements have to be reflected as an integrated set of objectives and measures, agreed upon by all the managers, measures that corresponds to the long-term drivers of success. Through the cause-effect relationships, BSC clarifies the procedures to achieve business success, motivating consensus concerning vision and strategy, and goal setting procedures that lead to an identification of critical success factors.

2. Communicating and Linking

The second process for an efficient strategic management through BSC, is the communication of the contribution, of all organizational elements, to the achievement of organizational objectives. This stage enables managers *"to communicate their strategy up and down the organization and link it to departmental and individual objectives"* Kaplan and Norton (1996:151)

BSC facilitates the strategy communication across the organization, guaranteeing that all levels of the organization understand the long-term strategy and both departmental and individual objectives converge to the strategic objectives.

3. Business Planning

The third process, Business Planning, enables organizations to integrate budget and strategy. Organizations need to adjust their financial and physical resources to the followed strategy, identifying the resources needed to meet the strategic objectives, for all the four perspectives of the scorecard. Kaplan and Norton (1996) referred that when managers use the ambitious goals set for Balanced Scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long-term strategic objectives.

4. Feedback and Learning

The last process of strategic management through BSC is the feedback of the achievement of the settled objectives. Organizations need to periodically review their processes and identify where targets were achieved, whether in global, departmental or individual terms, rewarding the successful ones, and analyzing where actions were expected to generate additional returns, working upon it as a strategic learning, in order to overcome flaws and potentiate future results.

Kaplan and Norton (2001) referred that with a Balanced Scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives – customer, internal business processes, and learning & growth – and evaluate strategy in the light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time learning.

Jordan *et al.*(2002) argued that this strategic vocation of the Balanced Scorecard relies on particular characteristics such as:

- Linkage between performance indicators and strategy
- Providing management with a broad and integrated vision of organizational performance
- Linkage between operational control to vision and strategy
- Cause-Effect relationship clarification
- Management focus on the organizational critical aspects

These factors lead to a successful alignment with the established objectives, identification of the means necessary to accomplish them, and recognition of the contribution of all organizational elements in achieving common goal, the financial success of the organization.

Every organization has its vision and strategy, derived from the competitive environment, business life-cycle, and market conjecture or through management motivation. Balanced Scorecard has to be built under these elements, relating to every enabling factor and motivating an internal success spirit, specifying organizations characteristics and skills into a particular mindset.

Part II - BSC Evolution - Integrating Corporate Responsibility Perspective

1. Introduction

Charles Darwin in his publication "The Origin of Species" presented the Theory of Natural Selection, in which argues that only the strongest species and best adapted can survive in a competitive environment.

Like any other ideology, methodology or system, Balanced Scorecard too has to evolve in order to prevail as an actual, reliable and accurate model of enterprise performance measurement system.

Balanced Scorecard ideology advocates that all the business aspects that can influence business performance and organizational value, should be represented in a perspective, which balanced with the other scorecard perspectives generates the leading indicators for future corporate financial results.

Although BSC methodology integrates core and valid perspectives for performance appraisal, such as Financial, Customer, Internal Processes and Learning & Growth, there are various aspects of business and organization environment absent or if referenced, its importance is not completely revealed and demonstrated in the current methodology.

"The Balanced Scorecard creators consider that their methodology based on four perspectives must be seen as a possible model, not the mandatory or unique to assess the real performance of the business. Therefore, many authors and organizations adapted the Kaplan and Norton model, integrating other perspectives, such as the Society perspective – an additional perspective created by Atkinson and Epstein (2000) that minted to reflect the community events." (Russo 2006:30)

Understanding that Balanced Scorecard is a relatively simple and precise methodology, is a general feeling, but has time evolves the complexity of the businesses and market demands creates new challenges and external pressures for every organization, challenges that an adaptive system such as BSC has to consider and integrate.

Contemporary organizations have recently been focusing attention and efforts in a area that was neglected in the past, but whose contribute importance for success in gathering unanimous support, this area is the Corporate Social Responsibility.

Figure 6: Inclusion of a Corporate Culture Perspective in the BSC Model

This work pretends to give a theoretical contribution to the Balanced Scorecard model, recognizing that contemporary organizations are facing new challenges, such as the increasing global awareness and responsiveness, which oblige them to improve and adapt their management principles and methodologies in order to respond more accurately to the market demands, identifying which actions should be privileged and how these actions translate in financial results and added value to the market, for this purpose is proposed an integration of a perspective that assimilates the elements of corporate social responsibility of an organization, the Corporate Responsibility Perspective.

2. Corporate Social Responsibility Concept

Corporate Social Responsibility (CSR) is a relatively recent concept, an emerging trend that pressures contemporary organizations to act responsively, meaning, to have a positive effect in the market, society and environment.

According to Business for Social Responsibility (BSR) corporate social responsibility is defined as *"achieving commercial success in ways that honor ethical values and respect people, communities and the natural environment".*

Tsoutsoura (2004:3) refers "*CSR is viewed, as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, environmental concerns, governance human rights, the marketplace as well as the workplace."*

In the current conjecture, Corporate Social Responsibility is viewed as an inherent element of business activity, element that every organization has to include in order to gather success factors.

Nowadays, organizations are including responsible behavior in every sphere of the business, environmental awareness in production, fairness and uniformity in human resources practices, transparency of financial results, many of this organizations are even providing the market and its clients with information about its CSR conduct in Corporate Social Responsibility Reports, organizations such as Nike, IBM, McDonalds, Nokia, British Petroleum, among others.

"The concept of corporate responsibility draws upon the strategic management theory that says managers can add value to an enterprise by taking into account the social and economic effects of an enterprise's operations when making decisions." Robert Freeman (1984).

The interest in exploring these responsible actions, is not solely based on a positive contribution to global harmony and satisfaction, a investment in these actions is expectable to render financial results, because after all the reason for a business activity is to collect profits, is these relations that are the focus of these work, measuring activities and analyzing where, which and how these actions convert into "liquidity".

3. Corporate Responsibility and Balanced Scorecard

The last decades witnessed series of evolutions in the business environment, progresses that affected business models, processes and that led to the dawn of new management capabilities, demands and challenges.

One of these innovations was the emergence of Balanced Scorecard as a new methodology to assess business performance as a hole. BSC brought to the organizations a different approach of the one offered by the existing performance measurement systems, which focused exclusively on financial indicators to assess the business performance.

BSC demarked from these systems, proofing that intervention in non-financial aspects of the business can have a positive impact on financial results, working as a cause-effect relationship, meaning that to assess the true business performance, an organization has to analyze the behavior of these non-financial indicators.

Organizations face regularly new challenges, trends that emerge from the market, one of the recent ingredients in the business environment was the increasing preoccupation and awareness with the impact of business activities in society and environment.

Organization readily recognized that assimilating this worries into the business processes could add value to the business, and began to reflect these preoccupations in its activities and policies.

Since is proved that CSR adds value to the organizations, and given that BSC is a model that evaluates the efficiency of the business elements that create value to the organizations, this chain of thoughts took researchers to question the possibility that …"BSC can be used to align and measure CSR to create competitive advantage by helping organizations strategically manage the alignment of cause and effect relationships of external market forces and impacts with internal CSR drivers, values and behaviors."(Abd. Rahman Ahmad, 2008)

BSC is being discussed as a possible appropriate conceptual framework for CSR, recent researches at the Institute for Economy and the Environment at the University of St. Gallen have shown that BSC is suitable to integrate qualitative, for example

environmental and social aspects, into the core management system of companies. (Bieker and Waxenberg, 2003)

According to Crawford and Scaletta (2006), companies can use the combination of the BSC and CSR to help create a competitive advantage by letting decision makers know if they are truly entering into CSR virtuous cycle – a cycle in which economic and environment performance, coupled with social impacts, combines to improve organizational performance exponentially. Tsoutsoura (2004) refers *"For a successful implementation (of CSR), it is crucial that the CSR principles are part of corporations values and strategic planning, and that both management and employees are committed to them."*

An integration of a CSR perspective in the BSC methodology, grants this relation between principles and strategy, acknowledging that CRS contributes for financial success, and that can be translated into measures that are aligned to the global strategy defined by the organization.

Strategically thinking an organization could *"begin to compete on cost leadership as a result of technology and effective and efficient processes, which leads to improved ecological protection, which results in better risk management and lower cost of capital, or alternatively, a company could differentiate itself from its competitors values and performance as a result of its community building activities, which can improve corporate reputation, result in improved brand equity, creating customer satisfaction, which increase sales."* Crawford and Scalleta (2006)

A research conducted by Abd. Rahman Ahmad, study the relationship between BSC and CSR through an econometric model, this research has identified the relationship between the two parts. The following table presents the data from this study, where is viewed that that is a significant correlation between BSC and CSR

The Hypothesis from Abd. Rahman Ahmad model were:

$$\begin{cases} H0\text{: } There\ is\ no\ relationhsip \\ H1\text{: } There\ is\ a\ relationhsip \end{cases}$$

Variables	Correlation Coefficient	R^2	Significant Value	Significant or Not
BSC	0,564	0,318	0,000	Significant

Table 6: Regression results from regressing BSC with CSR (Adapted from Abd. Rahman Ahmad, 2008)

- The 0,564 Correlation Coefficient evidences the strong correlation that exists between the BSC and CSR.

This research went further and analyzed the relation between CSR and added to the econometric model all the perspectives of the scorecard: Financial, Customer, Internal Processes and Learning & Growth, in the table above are presented the results.

The Hypothesis from Abd. Rahman Ahmad model were:

$$\begin{cases} H0\text{: } There\ is\ no\ relationhsip \\ H1\text{: } There\ is\ a\ relationhsip \end{cases}$$

Variables	Correlation Coefficient	R^2	Significant Value	Significant or Not
Financial	0,548	0,301	0,000	Significant
Customer	0,388	0,151	0,000	Significant
Learning & Growth	0,606	0,367	0,000	Significant
Internal Processes	0,444	0,197	0,000	Significant

Table 7: Regression results from regressing Financial, Customer , Learning & Growth and Internal Processes with CSR (Adapted from Abd. Rahman Ahmad ,2008)

The findings of this research provide evidences of the relation between CSR and the BSC perspectives. These relations present a significant value equal to 0 for all the perspectives, as a result the null hypothesis is verified, meaning that there is a relationship between all the perspectives of the scorecard.

These evidences support the contribution of this work to the Balanced Scorecard methodology, demonstrating the importance of CSR for this model, therefore the integration of a CRS perspective would actualize and improve the precision and effectiveness of BSC in the contemporary conjecture.

Abd. Rahman Ahmad (2008) refers *"BSC can help organizations to strategically manage the alignment of cause-effect relationships of external market forces and impacts with internal CSR drivers, values and behavior."*

4. Corporate Responsibility Indicators and Measures

Every perspective represented in Balanced Scorecard methodology has a concrete set of measures and indicators used to draw conclusions of its status and impact, Corporate Responsibility, as any other, has to integrate its own behavioural norms and ethical procedures into a valid and coherent set of indicators and measures aligned with the organizational strategy and vision.

To support the purpose of this work in proving the relevancy, adequacy and necessity of inserting a Corporate Responsibility Perspective in organizational performance assessment systems such Balanced Scorecard, indicators had to be provided, from the possible sets of indicators that were analyzed from this work the one who demonstrated to be more complete and comprehensive was the set established by United Nations on the Conference on Trade and Development in 2008.

United Nations, on its role as supervisor of global trade and development, established concrete indicators to analyze the responsible or non responsible behaviour of organizations as result of their activities, these indicators definition by the United Nations relied on two basilar factors: quality criteria, and guiding principles.

The Quality criteria establishes that an indicator in order to be valid, should grant *comparability* (over time and between organizations), has to be *relevant* (crucial to form a decision), must be *understandable* for the analyst / reader, the information provided ought to be *reliable* and *verifiable* (free from error and easily proven its veracity).

The search for these indicators should be guided by the principles of: Universality to maximize comparability (the indicators should apply to all enterprises), Incremental approach (indicators should firstly address issue that the organization controls), Capability of consistent measurement (should be measured certainly and consistently), Performance oriented (should assist on the identification of areas that require action) and National reporting (should help to analyze the contributions to economic and social development of the organization activities).

The uniqueness of these indicators resides in the nature of the aspects inherent to them, meaning that different types of conditions have to be measure by specific indicators this is the methodology proposed by the United Nations on the guidance on corporate

responsibility indicators, in a simplified way this guide recommends the utilization of the following indicators, to measure the degree in which responsible actions are taken in these groups of activities.

Group	Indicators
Trade, Investment and Linkages	1. Total Revenues 2. Value of imports vs exports 3. Total new investments 4. Local Purchasing
Employment Creation and Labour Practices	5. Total workforce with breakdown by employment type, employment contract and gender 6. Employee wages and benefits with breakdown by employment type and gender 7. Total number and rate of employee turnover broken down by gender. 8. Percentage of employees covered by collective agreements
Technology and Human Resource Development	9. Expenditure on research and development 10. Average hours of training per year per employee broken down by employee category 11. Expenditure on employee training per year per employee broken down by employee category
Health and Safety	12. Cost of employee health and safety 13. Work days lost due to occupational accidents, injuries and illness
Government and Community Contributions	14. Payments to Government 15. Voluntary Contributions to civil society
Corruption	16. Number if convictions for violations of corruption related laws or regulations and amount of fines paid / payable

Table 8: Corporate Social Responsibility Indicators (Guidance on Corporate Responsibility Indicators in Annual Reports)

Corporate Social Responsibility indicators have a different attribute and contribution to organizational performance measurement systems than the other perspectives of the BSC, it aims to indentify which are the critical responsible behaviour and ethical factors in which the general public evaluates the organization in terms of element of the society, providing essential information for managers and business leaders on which factors the organization should improve in order to be considered a responsible organization through the eyes of the government, market and the general population.

The reliability and consistency of many of these indicators imply defining of an anchor value derived through competitors, sector, market analysis or legal urge, through which indicators such as Legal and Lobbying Expenses, Taxes Paid, Charitable Giving can be assessed coherently.

The rest of the indicators can be evaluated through internal controllers, or resorting to the impartial evaluation executed by contracting external auditing entities, the outcomes from this analysis will provide the organization data that evidence the areas that should be target of a simple or extensive intervention.

5. The Value of Corporate Responsibility

Although one can argue that the financial impact of corporate responsibility is difficult to account for, define and measure, its influence in gathering preference is generally accepted. *"The field of corporate social responsibility (CRS) has grown exponentially in the last decade. Nevertheless, there remains a protracted debate about the legitimacy and value of corporate responses to CSR concerns* (Tsoutsoura 2004)".

Organizations don't engage on a social responsible actions just for the market satisfaction, extensive analysis were made to sustain the investments in environmental friendly equipment, the change of management structures, or the implementation of stricter quality controls, development of human resources policies. Tsoutsoura (2004) *refers "Since being socially responsible involves costs, it should generate benefits as well in order to be a sustainable business practice. A corporation could not continue a policy that constantly generates negative cash flows."*

Organizations pursue a socially responsible strategy expecting to collect benefits from these actions, benefits that are majorly related with brand image, recognition and reputation. Consumers often search for brands that they can relate to, a client would buy a certain kind of product knowing that it puts in danger the dolphins, Investors often look for organizations with strong business reputation to invest their capital.

Areas	Advantages
Recognition	- Increased brand image and reputation
Risk	- Decreasing risk of facing, bribery and corruption, fines from excessive polluting and child labour scandals
Operations	- Some CSR initiatives can dramatically reduce operating costs
Human Resources	- Increased ability to attract and retain employees - Increased productivity and reduced error rates

Table 9: Advantages of CSR (Adapted from Tsoutsoura, 2004)

The value created by responsible actions translated in business elements such growth reputation and brand image is hard to quantify and measure, therefore difficult to assess the elasticity of this value, meaning we cannot establish with certainty that one euro invested in socially responsible actions will generate ten euros in future results, not even when this value will be created. *"Ideally, it should be possible to keep all factors constant and measure an organization financial performance and volatility of the cash flows before and after adopting the CSR principle. As this is not possible, hower, empirical methods are used to identify the relationships between an organization socially responsible conduct and its financial performance."* Tsoutsoura (2004)

The impact of corporate responsibility in financial results is a thematic recurrently approached and study. Several researches were performed throughout the years, McWilliam, Cohran, McGuire, Tsoutsoura analyzed the sign and significance of the relationship between CSR and financial performance.

The research conducted by Tsoutsoura its perhaps the most significant, it analyzed extensive data collected in most of the S&P 500 organizations over a period of 5 years. The econometric model proposed by Tsoutsoura proved that the relationship between corporate responsibility and financial results is positive and statistically significant, *"...supporting the view that socially responsible corporate performance can be associated with series of bottom-line benefits."* Tsoutsoura (2004)

To assess this relationship between CSR and financial results, Tsoutsoura tested the correlation between a CSR measure - KLD ratings (ratings of CSR from an independent researcher organization), and the financial measure – Return on Assets (ROA), Return on Equity (ROE) and Return on Sales (ROS).

The Hypothesis of Tsoutsoura (2004) model, were:

$$\begin{cases} H0: There\ is\ no\ relationhsip \\ H1: There\ is\ a\ relationhsip \end{cases}$$

Year	Dependent Variable	R^2	F
1996-2000	**ROA**	24,9	13,96 ($p \leq 0.0001$)
	ROE	8,91	2,66 ($p \leq 0.0001$)
	ROS	15,88	5,23 ($p \leq 0.0001$)

Table 10: Regression results from regressing ROA, ROE, and ROS with KLD social score when controlling for risk, size and industry for 1996-2000 (Adapted from Tsoutsoura ,2004)

These evidences sustain that the ROA is closely related to KDL rating than ROE and ROS (higher R^2), but the all the models are overall statistically significant ($p \leq 0.0001$), "*these results allows us to reject the null hypothesis, showing that improved CSR is related to better financial performance"* Tsoutsoura (2004)

As minds evolve and societies become more conscientious and righteousness, there is an increasing demand for transparency and growing expectations that organizations measure, report and improve their social, environmental and economic performance.

Evidence of this "pressure" that contemporary organizations are facing is that, more than half of the Fortune 1000 companies issue corporate responsibility reports and companies are engaging in a serious effort to define and integrate CSR in all aspects of their businesses.

"A larger number of companies than at any time previous are engaged in a serious effort to define and integrate CSR into all aspects of their businesses. An increasing number of shareholders, analysts, regulators, activists, labour unions, employees, community organizations and news media area asking companies to be accountable for ever-changing set of CSR issues." Tsoutsoura (2004)

Corporate Social Responsibility is viewed now as a strategic element of business activities, element that can translate recognition, respect, and preference onto to financial results.

Part III: Empirical Research

1. Introduction

This chapter is dedicated to the methodology and research process that refers to the procedural framework within which the empirical research of this dissertation was conducted.

It describes an approach to a problem that can be put into practice in a research program or process, which could be formally defined as an operational framework within which the facts are placed so that their meaning may be seen more clearly (Ryan *et al.*, 2002).

The question is the assessment of the real businesses necessity of integrating a Corporate Responsibility perspective in their Balanced Scorecard implementation model.

2. Methodology and Research Process

The empirical research process to access the relevancy of integrating the Corporate Responsibility Perspective in the BSC model started in an exploratory study based in a convenience sample in a total of six managers. Although this sample can seem reduced, the relevancy of the gathered information depends not on the number of interviews but on the structure, extension and operational experience of the information that this interviews provided to this study, representing an indispensible argument to sustain and validate this work vision and purpose.

The convenience sample gathered six professionals knowledgeable of Balanced Scorecard methodology, such as consultants or as managers was interviewed in order to evaluate their opinions, through a questionnaire developed specifically of the purpose of this dissertation.

The aim of these interviews was to obtain reactions from different managers, in different sectors of activity, in their views on the validity and necessity of integrating a Corporate Responsibility perspective in a organizational performance assessment model such as the Balanced Scorecard.

Table 11 reveals the business activity of the Organization, years of experience with Balanced Scorecard and the intervention area of the interviewed managers, but not the names:

Interviewee	Sector of Activity	Years of BSC Experience	Area of Intervention
RS	Banking Industry	8 years	Strategic Management
SA	Telecommunication Industry	9 years	Process Optimization
MG	Air Transportation Industry	11 years	Risk Management
FO	Health Industry	6 years	Human Resources Managemenr
RPS	IT Consultancy	8 years	Performance and Efficiency
JPM	Strategy Consultancy	7years	Strategy Implementation

Table 11: Interviewees characterization

Conducting this empirical research, a qualitative approach was followed, qualitative techniques were used to collect, process, and analyze the necessary information. Qualitative methodology refers in its broadest sense to research that produces descriptive data – people's own written or spoken words and observable behavior (Taylor and Bogdan, 1998), for example interviewing key target people (Pyke, 2003), and it deals with explanatory concepts (Robinson and Foster, 1989). Qualitative techniques concentrate less on quantifiable measures and look at, for example, the reasons "why" someone may approve or disapprove to something, or like or dislike a given initiative suggested to an organization (Sang, 2003). Qualitative data analysis is a process of piecing together data, of making the invisible obvious (Morse, 1994).

Silverman (1997) presented the three most common methods for qualitative research:

- ***Participant observation*** is appropriate for collecting data on naturally occurring behaviors in their usual contexts.
- ***In-depth interviews*** are optimal for collecting data on individuals' personal histories, perspectives, and experiences, particularly when sensitive topics are being explored.
- ***Focus groups*** are effective in eliciting data on the cultural norms of a group and in generating broad overviews of issues of concern to the cultural groups or subgroups represented.

For the purpose of this dissertation the method that would provide more interesting and valuable data, was consider through in-depth interviews, because through qualitative research interviews we try to understand something from the subjects point of view and to uncover the meaning of their experiences. Interviews allow people to convey to others a situation from their own perspective and in their own words. Research interviews are based on the conversations of everyday life. They are conversations with structure and purpose that are defined and controlled by the researcher. Although the research interview may not lead to objective information, it captures many of the subjects views on something.

That is why the basic subject matter is not, as in quantitative research, object data, but consists of meaningful relations to be interpreted. (Kvale, 1996)

3. Research Analysis

The results gathered through the interviews generated extensive and valuable information that supports and validates the arguments of this dissertation.

In this section, these results are reviewed and systemized, meaning that each answer was analyzed taking into consideration the interview structure and was comprehensively scrutinized in order to reflect the point of view of the large majority of the interviewees that constituted the sample.

In order to support the results for each question it was selected the most complete or significant view of one the interviewees that best reflected the general opinion.

3.1 Balanced Scorecard as a complete model

BSC is generally considered by all the interviewees as a complete model for organizational performance appraisal, meanwhile these managers reported that in order to increase the effectiveness of the model several business elements should be integrated.

This suggestion was considered by Kaplan and Norton, who, has previously mentioned, stated that this methodology is a possible model, meaning that is not mandatory to implement BSC as it is in the books, it can be adapted to every business, although knowing that the present model can respond efficiently to general organizational requirements.

As FO stated "*Balanced Scorecard is a performance appraisal model which additionally to financial indicators that translate the short term organizational performance, presents "soft" indicators, meaning non-financial ones, that allows to potentiate the future performance, is through this match between the short and the long run that the completeness of the BSC model resides.*"

3.2 BSC perspectives provide global view of the business performance

Most of the managers consider that the indicators and measures of financial, customer, internal processes and learning & growth perspectives allows managers to analyze and evaluate the pillars of every organization, therefore providing an overall vision of business performance status.

RPS argued "*The perspectives that integrate the Balanced Scorecard allow a feasible assessment of the general organization performance, because it represents the fundamental aspects of any organization.*"

3.3 BSC indicators allow evaluating the real business performance in different areas

The interviewed managers agreed that the indicators established in the Balanced Scorecard methodology respond effectively to basic necessities of an organization.

Meanwhile interviewees consider that these indicators have to be adapted to the business requirements and specifications in order to assess the majority of the elements in which organizations base their activities.

In RS point of view "*The indicators defined in the BSC model for the different perspectives provide a concrete measure of the efforts in the different areas, translating the general performance of the organization but not the real performance, this is consist in several strands.*"

3.4 Customer, Internal Processes and Learning & Growth perspectives enable long-term financial results

Findings from the interviews support the theoretical evidences presented by Kaplan and Norton (1996), the interviewees believe that an efficient performance in these areas are the leading indicators for future financial success, meaning that investing in these perspectives is the key ingredient that promotes product development, process optimization and Collaborators productivity among other benefits whose ultimate impact is felted on the growth of financial results.

SA referred "*This is the main difference between other models and the BSC, to operationalize this short-term investment in view of the long-term outcomes is more difficult in an environment of crisis and significant pressure to obtain results that many companies think neglect this part, but we spend looking for that timing is the financial impact is reduced in order to satisfy shareholders.*"

3.5 Balanced Scorecard facilitates the communication and assimilation of organizational strategy throughout the organization

For all the managers interviewed, which represent a sample of the global manager's familiar with the Balanced Scorecard methodology this answer was an immediate yes, Balanced Scorecard facilitates the communication and assimilation of organizational strategy throughout the organization, and the majority of the interviewees consider that this fact represent the major improvement of this methodology in relations to the previous organizational appraisal models.

RPS presented the idea "*I consider this to be the most important factor in implementing the BSC through the alignment between performance indicators and their measures with the strategic vision of the company, I guarantee that all paddling in the same direction, we know what we and what is expected of each one of us to achieve the strategic objectives.*"

3.6 Corporate Responsibility actions create value for the organization through market recognition and preference

The interviewees consider that Corporate Responsibility actions increase the value of an organization through market recognition and customer preference, considering that promoting these actions will attract customers, because when choosing between products, services or companies with same conditions (price, quality and timings), customers will select the one to which they identify the most and usually this will be the one who gives back to the society.

It is a curious fact that the interviewees only reported market recognition when referring to the value created through Corporate Responsibility actions, neglecting the other Corporate Responsibility advantages that Tsoutsoura (2004) reported such as, decreased risk, operating costs reduction or the ability to attract and retain Collaborators as well as enabling workforce productivity growth.

FO stated "*In recent years there has been an increasing importance of these shares on the market, so it is logical to think that many companies incur these actions, they must represent an intangible asset that CIRA value it generates brand awareness, consumer preference, regarding the market and society.*"

3.7 Corporate Responsibility represents a competitive advantage in the market

The reaction to this question was unanimous, managers believe that pursuing a Corporate Responsibility strategy represents a clear competitive advantage in relation to the competitors. It represent an obvious differentiator form the product or service offered by the other market players.

The use of this element as a competitive advantage depends on the manner in which is structured, as Porter and Kramer (2002) reported that the majority of the corporate contribution programs are diffuse and unfocused, consisting in small cash donations or providing support in several areas. A Corporate Responsibility program should be tied to well thought-out social or business objectives in order to represent an effective competitive advantage which organizations can potentiate and develop in order to affect positively the organization long-term financial results.

In SA opinion "*In the customer's choosing hour, if you have products or services with similar price and quality, will ascertain that they most identify with, as I said previously the responsibility of generating actions preferably once a competitive advantage.*"

3.8 Corporate Responsibility imply a short-term negative impact and long-term positive impact on financial results

The results in this question were similar, managers believe that Corporate Responsibility actions involve short-term investment or costs, producing an negative impact on short-term financial results.

Regardless of this short-term negative impact, the interviewees consider that these investments have a clear return, and the benefits of promoting in Corporate Responsibility actions will overcome widely the cost incurred, generating long–term financial gains.

JPM explained "*A Corporate Responsibility strategy assumes the long-term and the positive impact. The impact in financial results differs on the analysis of the material themes of each stakeholder and the objective of the relation to him, for example an eco efficiency action can have a more direct impact in financial results, while is more difficult*

to prove the impact that a volunteering action have in the financial results, at least in a direct cause-effect relationship."

3.9 Contemporary organizations that pursue a Corporate Responsibility strategy should integrate it into a BSC perspective

The managers that integrated this interview consider that an organization that employs Balanced Scorecard as a performance appraisal system and that pursues a clearly defined, focused and distinct Corporate Responsibility strategy should integrate this element into a perspective, identifying objectives, indicators and measures in order to assess and develop their responsible actions, enabling further assimilation of Corporate Responsibility benefits and therefore potentiating the organizations long-term financial results.

FO referred that "*A current model, beyond the core and strategic areas has to integrate all the challenges that businesses face in order to assess whether they represent an opportunity or a threat to the business, in this case the Corporate Responsibility elements of the business.*"

3.10 Organizations fail to measure the impact of Corporate Responsibility actions in financial results

Evidences sustain that although most of the managers interviewed consider that corporate responsibility actions have impact in financial results, they fail to evaluate the real impact that these actions have, only recognizing the short-term investment and not the long-term return of this investment.

Many of the interviewees reported that although they consider important to understand the impact, yet they find it difficult to identify and differentiate which are the individual impacts of Corporate Responsibility.

SA explained "*At this moment we assess the impact of Corporate Responsibility actions, as any other marketing actions, meaning that we simply analyze the income fluctuations, before and after campaigns, it may not be the most efficient and accurate methodology, but at least it gives us an idea of the success or failure of those campaigns.*"

Part IV: Dissertation Conclusions

The inspiration that supported this work was to provide a theoretical contribution to the Balanced Scorecard concept, recognizing that contemporary organizations are facing new challenges that the original model idealized by Kaplan and Norton did not account for, such as, the increasing global awareness and society responsiveness, which oblige them to improve and adapt their management principles and methodologies in order to respond more accurately and efficiently to the market demands, identifying which actions should be privileged and how these actions translate in financial results and added value in a competitive market.

Proven the value of Corporate Responsibility and the correlation to financial results through the study conducted by Margarita Tsoutsoura (2004), and supported by the studies conducted by Abdul Rahman Ahmad (2008) and Crawford and Scaletta (2006) which referred that companies can use the combination of the BSC and CSR to help create a competitive advantage, supported the idea that a modern model for performance evaluation in organizations where Corporate Responsibility is a reality, should integrate this element into its appraisal, in order to provide a coherent and valid output which identifies the benefits, gaps and potential of this element.

The Balanced Scorecard concept was selected by the editors of the *Harvard Business Review* as one of the most important and influential management ideas of the past 75 years and is currently considered by the large majority of business decision makers as the most complete model for performance evaluation, due to the strategic alignment and insertion of non-financial indicators, should improve by integrating the Corporate Responsibility elements into a perspective, establishing measures and indicators such as the ones approached previously.

The measures proposed in this work to assess the organization performance in their Corporate Responsibility activities were based on the Corporate Responsibility indicators in annual reports, a United Nations formulation.

In a rapidly globalizing world, interest in corporate responsibility continues to grow among a broad range of enterprises, investors, civil society actors and other stakeholders. The United Nations has undertaken various actions to respond to this interest and to promote positive corporate contributions to sustainable development, on

one of them is to promote general indicators for Corporate Responsibility in which worldwide organizations could support their evaluation.

The idea is for organizations to understand how they can potentiate the competitive advantage that these elements grant in the aggressive market, and to analyze the benefits of pursuing a Corporate Responsibility strategy.

In order to assess the interest of contemporary organizations in this thematic and the adequacy to the businesses, there were conducted a number of interviews, interviews which were realized in 6 corporations intended to represent a sample of the current status of Balanced Scorecard and Corporate Social Responsibility in some organizations. Data from these interviews attested that even though Balanced Scorecard is a relatively complete model for performance appraisal, it is not considered actual to the current business conjecture, meaning that it does not account for some elements that are contemporary organizations face and struggle.

Another fact that emerge from this interviews was that there is a growing concern of the business to integrate social, economical and environmental elements on their activities and that there is an increasing acknowledgement that these elements can produce a competitive advantage in a struggled market, a differentiator that can translate in customer preference.

The interviewed managers considered that would be very appealing, useful and value creator to have an organizational performance assessment model which accounted with Corporate Responsibility elements, likewise these managers referred that it would a valuable allied a modern Balanced Scorecard model that integrate this element and provided an accurate and incisive evaluation in this perspective which in balanced with the other perspectives would, demonstrate which areas, activities or processes need to be improved in order to potentiate the organization efficiency and necessarily the business success.

Part V: Limitations and Future Research

Limitations

As someone once said to me, “Smooth seas do not make skillful sailors”, this sentence never made more sense to me then during this work, it inspired me to overcome limitations, to go further, to not please myself with the easy, the usual or the over explored.

My vision was to innovate, starting in the fundamental aspect in business environment such as corporate performance and deriving to the most complete model to access it, Balanced Scorecard, and updating the actual model in order to reflect and react to the contemporary business challenges such as Corporate Responsibility.

This was the first limitation, finding valuable information that related these two subjects, fortunately with perseverance, research and the guidance of my supervisor the access to valuable studies and researches such as Tsoutsoura (2004) and Rahman Ahmad (2008), Crawford and Scaletta (2005) was achieved, providing relevant and worthy information that supported this work scope.

The second limitation was to find a representative and value added sample knowledgeable simultaneously with the Balanced Scorecard and Corporate Responsibility concepts, capable of providing critics and point of views which could provide valuable and differentiated information that supported this work vision.

The biggest limitation that emerged during this work was the time limitation, I am working since the beginning of this work, in a time, and effort consuming occupation, that absorbed much of my capabilities, but being this work, a personal challenged for me, it represented a major priority and the will to succeed and to present my approach on the a subject that kept my attention and interest during university path was stronger and helped me to overcome all the constrains and adversities that stood by my way during this period, making me a “skillful sailor” has it was my intention.

Future Research

In a time where concepts such as efficiency and control is an imperative for business success and where sustainability and responsibility concerns are a global trend, it is essential for thriving businesses to understand where these concepts intersect in order to enable synergies, innovate and be successful.

As a researcher, the reliability and efficiency that the Balanced Scorecard model has been attesting is the evidence that this model is the most completed model for organizational performance appraisal, like previously stated I believe that is important for a model such as BSC to be actualized in order to respond to the challenges that business face in a cycle basis.

Being Corporate Responsibility an emergent concern of contemporary business that is proven to be value added elment, it is in my opinion important to integrate this component in a positive and actual organizational performance assessment model as it was my intention in this work. Although I consider this work to be coherently supported by theoretical findings and evidences and sustained by studies such as the ones performed by Tsoutsoura and Rahman Ahmad it is in my opinion important to perform a practical appliance of this work proposal in the a real business environment, meaning that is relevant to gather the results and evidences of the including the Corporate Responsibility Perspective in a fully operationalized and efficient Balanced Scorecard in a organization that embraces corporate responsibility concerns into their vision and therefore into the activities and business processes in order to access the real performance on such area.

Annexes

1. Interview Results

In this section it will be present the opinions gathered from the interviews conducted to assess the practical validity and adequacy of inserting a Corporate Responsibility Perspective into the BSC model.
These opinions will be presented objectively and without analytical comments. Since the interviewed managers were promised not to become exposed with their names, their names have been codified.

1.1 Balanced Scorecard as a complete model

> ***RS:*** *Similarly to other performance evaluation models, Balanced Scorecard too has its own set of advantages and disadvantages, strengths and weaknesses, despite of its fragilities, a well structured BSC model allows an efficient, concrete organizational performance appraisal.*
>
> ***SA:*** *Considering the existing performance evaluation models, my opinion is that the Balanced Scorecard is the one which allows a more complete appraisal of the performance in the fundamental business areas of my organization.*
>
> ***MG:*** *Although with limitations, the organizational performance appraisal based on the Balanced Scorecard methodology provides valuable information on the general status of the organization, in terms of process efficiency and optimization.*
>
> ***FO:*** *Yes, Balanced Scorecard is a performance appraisal model which additionally to financial indicators that translate the short term organizational performance, presents "soft" indicators, meaning non-financial ones, that allows to potentiate the future performance, is through this match between the short and the long run that the completeness of the BSC model resides.*
>
> ***RPS:*** *In the actual molds, I consider Balanced Scorecard a model which allows a general vision of my organization performance in several levels, it is not complete because it does respond to every challenge that all the organizations face, but it evaluates the fundamental business aspects.*

JPM: *No. Although generally consider the fundamental questions of the organization, failure guideline: much to the client. Moreover, analysis of internal processes, it is crucial at this juncture to define mechanisms of engagement with all stakeholders both from the perspective of risk management as value creation*

1.2 BSC perspectives provide global view of the business performance

RS: *This is just one of the advantages of the Balanced Scorecard model, it enables organizations to assess accurately the performance on the fundamental business areas and promote corrective actions if necessary.*

SA: *The BSC perspectives approach the basic elements of any organization, therefore these perspectives provide a global view of performance of my organization.*

MG: *Yes, mainly through an inter-relational analysis from the different perspectives and the crossover analysis which allows a dynamic analysis in terms of the cause-effect relationships.*

FO: *Every company has customers, internal processes and resources being human or technological, being that so, a performance assessment model which approaches these areas, is a model which provides a general perception of the organization performance.*

RPS: *As i mentioned in the previous question, the perspectives that integrate the Balanced Scorecard allow a feasible assessment of the general organization performance, because it represent the fundamental aspects of any organization.*

JPM: *In my opinion, lacks indicators to provide information on key areas, both in terms of governance and accountability. This model is very little push and pull, do not require a response on demand.*

1.3 BSC indicators allow evaluating the real business performance in different areas

RS: *I my opinion, the indicators defined in the BSC model for the different perspectives provide a concrete measure of the efforts in the different areas,*

translating the general performance of the organization but not the real performance, this is consist in several strands.

SA: *I think the use of five indicators for each area, provides both an overview of performance in each perspective, the key is to identify specifically what are the indicators that month give this general view but correct.*

MG: *Yes, although with some deviations that may occur and should be considered during the examination.*

FO: *The financial indicators are always the most reliable, and tell us more about the actual business performance, the indicators "soft" are not so straightforward, though we depict the areas that are generally performing well and which need to be developed .*

RPS: *The model of the Balanced Scorecard indicators / measures for each perspectives across the board, we take these indicators and adapts them to me to the reality of our organization.*

JPM: *Yes, while periodically monitored.*

1.4 Customer, Internal Processes and Learning & Growth perspectives enable long-term financial results

RS: *It may be a contributing factor to boost the bottom line, but not the most important of all.*

SA*: This is the main difference between other models and the BSC, to operationalize this short-term investment in view of the long-term outcomes is more difficult in an environment of crisis and significant pressure to obtain results that many companies think neglect this part, but we spend looking for that timing is the financial impact is reduced in order to satisfy shareholders.*

MG: *May enhance long-term financial results, but the main objective is more complex than that. I believe that what is at issue is the collection of strategies, leveraging the strengths of multiple perspectives in analyzing and overcoming weaknesses. The financial results of an organization are, in fact, a goal, but good overall performance of the organization are not restricted to finance.*

FO: *It is impossible for me to say that to invest 1000 euros in these actions will generate 10 000 euros to win in three years, but I can say that these areas are actions that will improve my knowledge of the client, then I can serve you better optimize my processes internal and ultimately increases the productivity of my resources, this creates an obvious financial gain, now translate this into a value, it is difficult if not impossible.*

RPS: *Aboard these exciting prospects as business value, that is, if we improve the processes, these areas, we are making an investment return, despite failing to specifically assess the value of this return, consider that there is a minimum point of view of optimization of resources, processes and activities.*

JPM: *Without any practical experience to support with facts, I question the feasibility of long-term financial results based on an exclusive orientation to shareholder and customer.*

1.5 Balanced Scorecard facilitates the communication and assimilation of organizational strategy throughout the organization

RS: *For sure.*

SA: *Certainly, I think we all know BSC with the way the company wants to follow, and how each can contribute to achieving We objectively and rapidly the objectives we set ourselves.*

MG: *Yes, without a doubt.*

FO: *In my opinion this is the main advantage of this model, any element of the company knows their role and how this contributes to the achievement of individual and strategic objectives.*

RPS: *I consider this to be the most important factor in implementing the BSC through the alignment between performance indicators and their measures with the strategic vision of the company, I guarantee that all paddling in the same direction, we know what we and what is expected of each one of us to achieve the strategic objectives.*

JPM: *Yes, in the perspective that Balanced Scorecard clearly defines objectives, measures, targets and actions for each organizational element, while situating*

1.6 Corporate Responsibility actions create value for the organization through market recognition and preference

RS: *Yes, working like a marketing strategy, this increases the attractiveness of the company, the demand for their products / services and consequently generates value creation.*

SA: *It is becoming increasingly widespread use of social responsibility as part of attracting customers, looking for identification and the feeling that the client helps us and we help them to me the world.*

MG: *Yes is the creation of social value that is here in question. Whether in view of customers as employees and suppliers is reflected the "sense of accomplishment" when both are carried out every day and these contribute somehow to the "welfare" generally.*

FO: *In recent years there has been an increasing importance of these shares on the market, so it is logical to think that many companies incur these actions, they must represent an intangible asset that CIRA value it generates brand awareness, consumer preference, regarding the market and society.*

RPS: *In my opinion Corporate Responsibility actions create value throught recognition and market preference.*

JPM: *Depends on what kind of actions we are talking about social responsibility. The creation of value only beyonf alignment with the core business, leveraging the expertise and the application of management skills in an action that is embedded within a social responsibility strategy. Without strategy there is no position or a way forward that can be evaluated and monitored over time against the defined objectives, namely the creation of value in several aspects.*

1.7 Corporate Responsibility represents a competitive advantage in the market

RS: *There is a competitive advantage because it is something that is part of everyday life for almost all large companies today.*

SA: *In the customer's choosing hour, if you have products or services with similar price and quality, will ascertain that they most identify with, as I said previously the responsibility of generating actions preferably once a competitive advantage.*

MG: *Yes, without a doubt.*

FO: *Presenting an example, if I produce a product x considered due to the type of environmentally friendly production, if a competitor offers a similar product I consists of products that harm the environment, and this is recognized in the market, which is the product that the consumer will prefer? The wise will prefer to eat mine, because it will give its contribution to environmental sustainability, with this example and demonstrate in many cases and the right positioning, the social responsibility actions represent an advantage among competitors.*

RPS: *It represents a competitive advantage in the perspective that through Corporate Responsible actions can be generate brand recognition and preference, because it can represent a differentiator between offers and competitors.*

JPM: *It differs on the conjecture, on the sectors and the context. I consider that Corporate Responsibility is a management tool that can be employed in different stages of the organization: in a risk management and operating licensing optic, in a intervention on the business activity optic, and lastly in a business opportunity creator optic.*

1.8 Corporate Responsibility imply a short-term negative impact and long-term positive impact on financial results

RS: *I believe that Corporate Responsibility activities imply a medium-term impact, because it improves the brand image and the customer's interest and sense of belongness on the brand.*

SA: *In the same line of thought, if this actions generate preference, it will lead certainly to the increase of financial results, the timings of this relation differs on the type of actions promoted.*

MG: *In the short term it may contribute negatively to the financial results due to the investment, but I strongly believe that in the long temr it will be an asset in financial terms.*

FO: *Based on the line of reasoning from the previous question, in order to produce an environmentally friendly product it can result in higher costs at the short term, however in the medium to long term, given the general preference of consumers for my products, the initial investment in products or production methods, should largely offset by revenue generated, in other words, representing an ultimate positive impact on results.*

RPS: *The Corporate Responsibility actions are very much in vogue, although i consider that it may imply short-term costs and therefore negative financial impacts, in the medium-term it will prove to be a successful investment in several levels that ultimately be reflected in financial terms.*

JPM: *A Corporate Responsibility strategy assumes the long-term and the positive impact. The impact in financial results differs on the analysis of the material themes of each stakeholder and the objective of the relation to him, for example an eco efficiency action can have a more direct impact in financial results, while is more difficult to prove the impact that a volunteering action have in the financial results, at least in a direct cause-effect relationship.*

1.9 Contemporary organizations that pursue a Corporate Responsibility strategy should integrate it into a BSC perspective

RS: *Yes, the more variables a model for performance evaluation include more complete and realistic it will be*

SA: *If it creates value should be evaluated, is a strategic element as any other, as such, must be analyzed.*

MG: *Yes, not as an mandatory requisite, but in a perspective to complement and facilitate a more incisive view of the company's performance in all areas.*

FO: *A current model, beyond the core and strategic areas has to integrate all the challenges that businesses face in order to assess whether they represent an opportunity or a threat to the business, in this case the Corporate Responsibility elements of the business.*

RPS: *I consider important in the way that it complement and actualize the existing model, anticipating the logical necessity to analyze the performance in this area, that although is not a fundamental business area in the organization, it represents an important active and so it must be analyzed in order to improve and develop its synergies.*

VS: *Obviously, in the scope of an organization global performance assessment, it can't be assessed as a side act, it has to be part of the methodology DNA.*

1.10 Organizations fail to measure the impact of Corporate Responsibility

RS: *I consider that the impact of Corporate Responsibility actions is difficult to assess because of its subjectivity, and in my understand organizations tend to neglect this assessment because it represents a time and resources consuming task which is not fundamental for the business activity..*

SA: *At this moment we assess the impact of Corporate Responsibility actions, as any other marketing actions, meaning that we simply analyze the income fluctuations, before and after campaigns, it may not be the most efficient and accurate methodology, but at least it gives us an idea of the success or failure of those campaigns.*

MG: *In my organization we don't analyze the impacts of these actions because they are residual, in the future when we invest more in these actions, it would be important to assess the impact, and we are committed to do it.*

FO: *When we initiate a Corporate Responsibility action among others, I are not seeking the financial profits, we look to give our contribution to the society, this is what is important, although we know that we are benefiting, at least in a fiscal level it is not our principal concern, but I admit that it would be an interesting evolution since contemporary organizations are being pressured to smash costs that are not*

generating benefits, it would be interesting to demonstrate the impact that this actions have in order to sustain them or simply extinguish.

RPS: *At this moment the our assessment of the impact of Corporate Responsibility actions is based strictly on the market recognition, since we are a recent market player, the activities we developed was with the intention of positioning ourselves in the market as a organization which worries with efficiency and sustainability. With the expected growth is a natural assumption and necessity to start to calculate the cost benefit relation of these activities.*

JPM: *It differs on the projects. There are measures to assess the project impact on society and evaluate the win-win situation between organizations and the community, for example the London Benchmarking Group methodology (LBG) and the World Business Council for Sustainable Development (WBCSD).*

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