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A strategy focus for a new university using Balanced Score Card metrics

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Abstract

The Université des Mascareignes (UDM) is at the crossroads of its development. In 2015, it is a frail condition due to the fact that it operates without a Director and a full-fledged board. This, in turn, affects the competitiveness of the university since its day-to-day running is dependent on the work that its middle or lower-level staff are undertaking. Bearing in mind that this scenario is short-term based, the author, who is also a full-time academic of the UDM, used the Kaplan and Norton Balanced Scorecard model to analyse the present situation in his institution and develop a framework that could be useful in re-establishing standards of good performance of the university. In consequence, it is purported that synergies across the four metrics of the model should be developed. The need to have a sound financial synergy depends on how management makes the compromise between funding allocated and capital created. This is fuelled by customer synergy where there is a demand to maintain high levels of customer demand and satisfaction through the offer of excellent courses and service. Ultimately, good internal operation process synergy is needed followed by learning and growth synergy that should come from effective training, motivation and reward for the staff.

Keywords: Scorecard, synergy, metrics, university

Introduction

Taking into consideration the strategic position of the Université des Mascareignes, the fourth public university of Mauritius (UDM, 2013) ^[13], it is clear to staff and students of the university to currently examine the position of the organisation which is currently, more or less, in a state of stagnation—a long way from its initially destined strategy. There are several problems of internal management that might account for its current position. In such testing times, the researcher, who is also a long-term serving academic of the institution, has forwarded the idea that using the Balanced Scorecard concept developed by Kaplan and Norton, could be a means of understanding the strategic problem facing the university and better conceptualise ideas and concepts on how to analyse the situation through the Scorecard metrics.

Research Problem

The research problem focuses on the actual situation of the Université des Mascareignes. Strategically, the university is at the crossroads. The fact that it has not appointed a director since almost one year and is being currently managed by an officer-in-charge in 'actingship' makes it difficult for the university to progress. The situation could be better linked to sluggishness where there is a clear display of little movement or activity (Free Dictionary, 2011) ^[12].

Key questions arising are:

What are the perspectives that the UDM can adopt to review its current strategy?

How do the Balanced Scorecard metrics help in better understanding the strategy problem affecting the UDM?

How can the development of a dashboard help better understand the strategic issue facing the UDM?

What synergy is expected from the four metrics identified and developed in the framework of the Balanced Scorecard?

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Literature Review

The Literature Review initially reviews the concept of the Balanced Scorecard and how the ‘tableau de bord’ or ‘dashboard’ was developed as key metrics or performance indicators for organisations. A model of the Balanced Scorecard is reproduced along with the application of the technique to public organisations, and ultimately, how this could be adapted to Mauritius after the ‘Masterclass’ of Robert Kaplan in Mauritius in August 2014.

The Concept of the Balanced Scorecard

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organisations worldwide to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisation performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more ‘balanced’ view of organisational performance (Balanced Scorecard Institute, 2015) [1].

Tableau de Bord

The Balanced Scorecard Institute (2015) [1] claims that while the phrase *balanced scorecard* was coined in the early 1990s, the roots of this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950’s and the work of French process engineers (who created the *Tableau de Bord* – literally, a ‘dashboard’ of performance measures) in the early part of the 20th century. Biazzo and Garrengo (2012) [4] state

that unveiling what the enterprise measures and controls is the first step toward the reconstruction of ‘individual dashboards’ and the implicit management dashboard. The management dashboard is the basis for the subsequent identification of the implicit strategy map: the bottom idea is that, from the performances that are actually under control, we can try and figure out what the critical success factors, which (implicitly) hold up the currently pursued company strategy, are (Biazzo and Garrengo, 2012) [4].

The four key metrics of the Balanced Scorecard

The diagram below briefly highlights the four metrics that apply to the Balanced Scorecard. They are as follows according to Intrafocus (2014) [7]:

1. Financial Perspective– The high level financial objectives and financial measures of the organisation that help answer the question– How do we look to our shareholders?
2. Customer Perspective– All objectives and measures that are directly related to the organisations customers, focusing on customer satisfaction. To answer the question– How do our customers see us?
3. Internal Business Process Perspective– The objectives and measures that determine how well the business is running and whether the products or services conform to what is required by the customers, in other words, what should we be best at?
4. Learning and Growth Perspective– The objectives and measures concerning how well our people perform, their skills, training, company culture, leadership and knowledge base. All aspects that lead to continuous improvement. How can we improve and create value?

The same information is summarised in the diagram below:

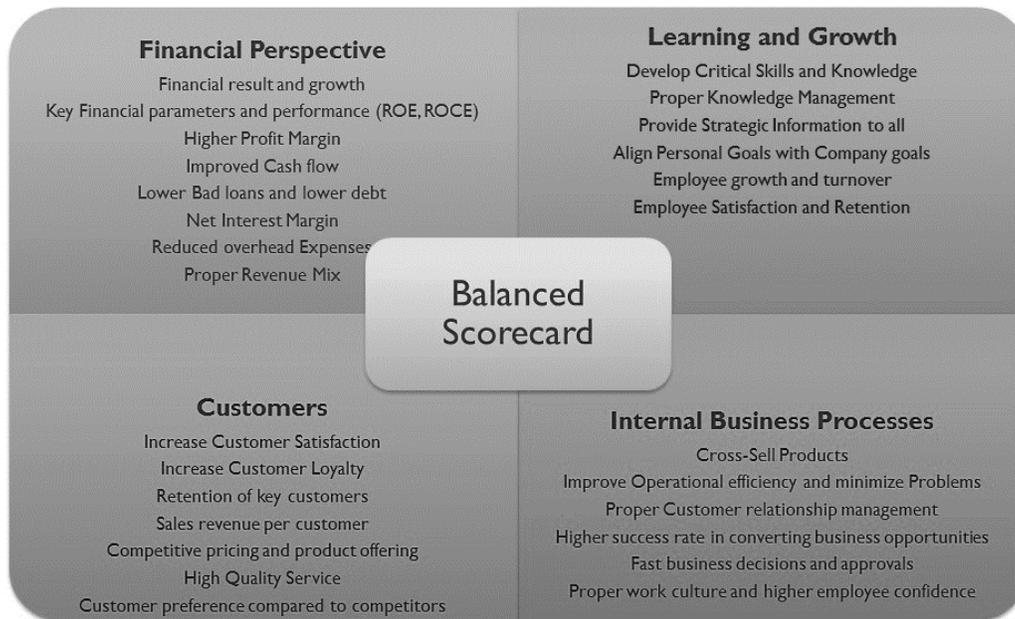


Fig 1: Model of Balanced Scorecard, Crackmba

Modified use of the Scorecard in public organisations

Kaplan (2010) [8] states that while initially developed for private sector enterprises, the Balanced Scorecard was extended to non-profit and public sector enterprises (NPSEs). Prior to the development of the Balanced Scorecard, the

performance reports of NPSEs focused only on financial measures, such as budgets, funds appropriated, donations, expenditures, and operating expense ratios. Clearly, however, the performance of NPSEs cannot be measured by financial indicators.

Their success has to be measured by their effectiveness in providing benefits to constituents. The Balanced Scorecard helps NPSEs select a coherent use of nonfinancial measures to assess their performance with constituents. Since financial success is not their primary objective, NPSEs cannot use the standard architecture of the Balanced Scorecard strategy map where financial objectives are the ultimate, high-level outcomes to be achieved (Kaplan, 2010) [8].

Murby and Gould (2005) [11] explain that for public sector organisations, it may be difficult to define who the ‘customers’ are. The ultimate customer is generally not the same as the body providing the funding. Public sector organisations have multiple stakeholders (government, service users, funding bodies, other agencies) and it may be appropriate to include objectives for several different groups as part of the ‘customer’ perspective, before looking at, for example, the internal processes required to meet the objectives of each different group.

Strategy Mapping for Mauritius

Betchoo (2014) [2] comments that Kaplan’s Balanced Scorecard, developed in the 1990s from the earlier six Sigma concept, could be a suitable way of devising strategy that could apply to the current Mauritian situation. Basically, finance is the driver for success and companies using this variable as a success factor take immediate action. Kaplan (2014) suggests the use of strategic maps to include the four variables namely finance, business perspective, customer satisfaction and employee learning as critical success factors for future survival. Mauritius adopts most of them since local companies have addressed the issues like ‘high value-added’ (business and customer), training and development (MITD and training schools), reduced lead times with rapid freight forwarding and constant review of finances with established institutions like KPMG Mauritius, Accenture, etc. (Betchoo, 2014) [2].

Assessing the literature gap

So far, the literature focused on the practice of the Balanced Scorecard and its application. Regarding public organisations, its application is limited since the financial

perspective cannot be clearly analysed. The researcher has so far seen that the University Directorate and academic staff worked on a simple model of strategy definition but this did not broadly consider the important metrics that could be finance, internal processes and customers. Too much of strategy developed around the university focused on learning and growth while little was based on the remaining ones. A poor financial performance could be related to low focus given to the financial metric and weak student intake could be related to poor focus on the customer perspective. This is where the scorecard concept could be a useful tool to apply in reviewing strategy at the Université des Mascareignes.

Research Methodology

The research was essentially observational since it dealt with opinions of staff and students regarding the strategy of the University. Occasional meetings undertaken in 2015 by the UDM Staff Union raised concern about the position of the university in relation to its current position along with pending problems like appointment or staff promotion and compensation of staff for excess hours worked that remained unpaid. There was also a management meeting with staff in March 2015 where the situation of the university was clearly discussed and minutes recorded on paper by the Secretary of the Union. Additionally, there were informal questions discussed with students that offered indication regarding areas of performance. This prime data was supported by the author’s article ‘Career path in a new university’ (Betchoo, 2015) [3] that was published in a refereed journal with a version in ‘Le Mauricien’ newspaper and website africain.com.

An analysis of the Balanced Scorecard modelled for the Université des Mascareignes (UDM)

The Balanced Scorecard template was used by reviewing the concepts that could better be aligned to the needs of the UDM. Concepts that were complex were removed or better adapted to the needs of the university. Generally, the key elements of the template were maintained but modifications were made as and when needed.

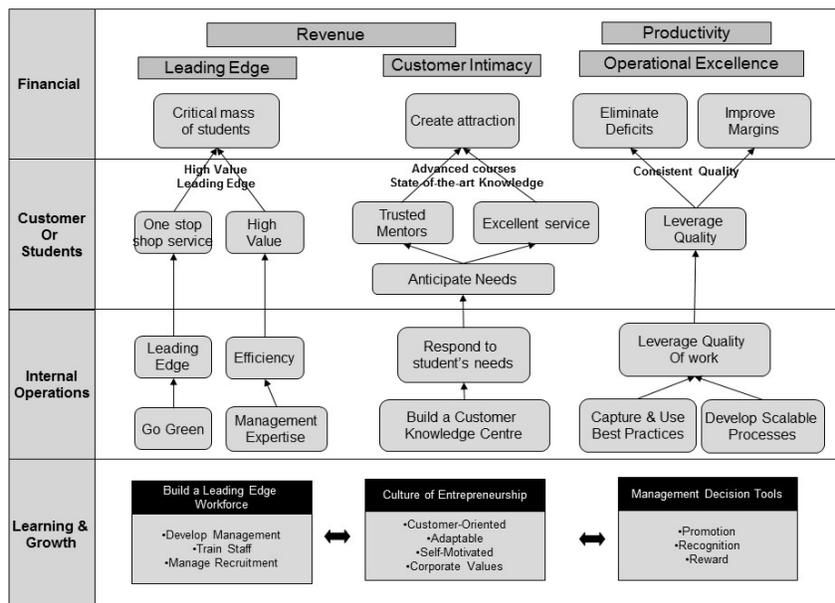


Fig 2: Modelling the Balanced Scorecard on the Université des Mascareignes

Financial Perspective

Revenue and productivity remain at the heart of very institution be it profit or not-for-profit. The financial perspective map covers these two critical areas. To encourage the UDM have a leading edge, there is a need to consider developing a critical mass of students. Intakes have consistently declined over the years and the targeted number of students-1,200 full-timers and 300 part-timers is far from being reached. This might explain the shaky financial position of the university.

Customer intimacy could be improved by developing a higher level of service through attracting students to the university. A plan like linking courses in the form of Licence-Master and Doctoral programmes could be a suitable way of retaining students up to seven years and developing a higher return in terms of financial gains.

Operational excellence could be a useful metric under the financial perspective. Deficits that have piled up over the years need to be reduced. There is no alternative way to curb this if it is to expect government providing finance to the university. This is not something to be counted up all the time. Through operational excellence, margins of profitability will have to be improved. This depends a lot of sound financial or accounting systems implemented at the University.

Customer Perspective

To sustain the financial goals of the Université des Mascareignes (UDM), there needs to be the support of the student or customer perspective. So far, the university mainly counts on its academic courses students. There are occasional customers coming from the private sector to seek tailor-made courses for them. In this perspective, a one-stop shop service should be provided by the university. This comprises a system that involves registration, training and learning, examinations, research work and recreational activities included. These must be of high value in terms of content and quality that surpass the needs of the students.

The university has to anticipate the needs of the students through excellent course development. Trusted mentors in the form of academic staff are expected to deliver excellent service while delivering the courses. Such courses should stem from state-of-the-art knowledge and focus both on existing course structures and breakthroughs in new knowledge from leading academics worldwide. These in turn help foster greater attraction and in turn intimacy.

Quality leveraging is another key metric that can be developed within the customer perspective. Darling-Hammond (2011) ^[6] claims the need to raise our expectations for the teacher education enterprise as a whole, requiring in every program a common vision that informs a tightly integrated program of high-quality clinical work married to a supportive learning-focused curriculum. The setting up of a Quality Directive within the university has been so far good but more is expected from it by insisting on detailed quality procedures that should ultimately help in boosting quality standards and contribute to operational excellence.

Internal Operations

Internal Operations relate to the third metric that the Balanced Scorecard considers as useful. A 'Go green' Initiative developed at the inception of the Université des Mascareignes claims that the concept of sustainable development should be at the heart of the process. Saving on

energy through using efficient computers, creating a green campus that saves on energy and promotes a clean and safe environment are the first useful internal metrics of good performance. This can be coupled with management expertise on efficiency issues. This comes from avoiding duplication of tasks, developing faster communications and reducing waiting time for decisions.

A customer knowledge centre is of importance. The fact that the university library encourages the use of computers is already a good measure of efficient internal operations. The development of the university website aligned with engines of research like EBSCO or Emerald Publishing (UK) favour higher student involvement with computers but also better means to have access to documentation and information from management.

Quality of work is dependent on sound internal operations. The use of best practice in areas like communication, decision-making, staff promotion and development obviously ensure better quality of work. Scalability is also essential to maintaining acceptable levels of service while keeping costs under control (Vaughn, 2012) ^[14]. Scalable processes will depend on the university's ability to adapt to administration, increased workloads and systemic adaptability. For example, how can the university integrate increased demand of activities with its existing staff and resources?

Learning and Growth Perspective

This perspective is expected to cover one major metric of the Université des Mascareignes whose key role is to promote learning and the growth of its staff. It covers inter-alia the three areas: Workforce, Entrepreneurship and management decision.

Regarding the workforce, there is an urgent need to think of management development. Stemming from a polytechnic institution to a new university status demands a need for management development. Key levers in it are management training and learning, adaptation to new work structure and systems along with the ability to motivate the staff. This is something highly missing with the learning and growth metric. Added to this will be the need to train staff and recruit employees having the profile to teach and conduct research in the long-run.

Entrepreneurship is an important variable in the learning and growth perspective. Corporate values like interdisciplinary research and innovation must be consistently maintained. The core value '*Savoir c'est pouvoir*'-knowledge is power-must also be consolidated both through students and academic staff. This also calls for the need to adapt to changes in the educational environment, to be customer-focused and pro-active in learning. The need for internal motivation is essential since staff have not been provided with motivators since already two decades.

Management decision tools are another key metric within the learning and growth perspective. The link between 'effort-performance and rewards' as identified by Vroom and Lawler should be enhanced (Vroom, 1964) ^[16]. Recognition and motivation are key issues here and these should be aligned with the organisational goals.

A strategy focus for a new university using Balanced Scorecard metrics

Following from the analysis of the Balanced Scorecard, a strategy focus is developed below. This summarises how

synergy can be developed from the various metrics analysed in the earlier section. The key concepts are developed below.

The University Scorecard	Sources of Enterprise derived value
Financial Synergy	Internal Capital Management-The creation of synergy through effective management of internal capital-funding and budget allocated.
How can the UDM increase the value of its portfolio?	Corporate brand-Integrate a diverse set of activities around common values and theme like interdisciplinary innovation and research.
Customer Synergy	Cross Selling-Create value by cross-selling a broad range of services from internal business units of UDM.
How can the UDM share customer interface to increase customer value?	Common value proposition-Providing value for money courses to students and maintaining high standards in the provision of service like teaching, mentoring, etc.
Internal Process Synergy	Shared Services-Create economies of scale by sharing the systems, facilities and staff in critical support processes.
How can processes be managed at the UDM to achieve economies of scale and value chain integration?	Value chain integration-Create value by integrating processes like operations management, human resources, inbound and outbound logistics.
Learning and Growth Synergy	Intangible Assets-Sharing a competency around the development of human, information and organisational capital at the UDM.
How can the UDM develop and share its intangible assets?	Strategic Themes-Provide leadership within the UDM through the management of strategic themes.

Fig 3: The University Scorecard and Sources of Enterprise Derived Value

Financial synergy of the Université des Mascareignes is much dependent upon the synergy between budget allocated to the University by the Tertiary Education Commission (Mauritius) and the internal funding of activities. There might be the compromise between funding research and innovation coupled with the exacting needs to undertake activities within the budget allocated to remunerate the staff. Over the past years, the scarcity of funding has been decried but there is no solution to realigning profitability to the profitable running of the university.

Customer synergy can focus on cross-selling propositions of the university. The common value proposition should focus on the quality and consistency of service in the complete course provision starting from student enrolment passing to learning and the conduct and monitoring of examinations. These could be facilitated through the cross-selling of activities within the university like exchanging ideas, development of curricula, interdisciplinary research, cross-functional teams, etc.

Internal process synergy is of high significance to the Université des Mascareignes. The sharing of staff and systems leads to scale economies. This has to be well managed to see that duplication or wastage do not take place. Very often, this situation might be compromised by a lack of staff in certain departments due to understaffing or transfer of employees to other institutions. Shared systems allow for good interfacing and completion of tasks on time. Value-chain integration calls for food for the thought. How can

academic and non-academic activities generate value? Usually, there are questions like integrating new students from foreign countries to the Mauritian educational system and this requires the good handling of the situation through value integration in the chain.

The learning and growth synergy has to be sustained equally. The development of human capital at UDM depends on the sharing of competencies. Human capital development ensures having well-trained staff, Informational capital development allows for the use of good information systems to harness the use of information within and outside the institution while organisational capital in terms of a flexible structure, adaptable organisation to change and innovation, etc. will be the major steps to favour such synergy.

The importance of strategic themes has to be stressed. Generally, these could stem from the need to be concerned with sustainability in the provision of courses that target students to the needs of society. Other themes, though conventional, could contribute to the synergy namely a focus on quality, good governance and ethics remain guiding themes within this perspective.

Limitations of the research

This research limits itself to using the Balanced Scorecard as a model while numerous other models could be still applicable to the case under consideration. For example, the Mc Kinsey 7S model could also be applicable whose framework maps a constellation of interrelated factors that influence an organisation’s ability to change (Mc Kinsey Quarterly, 2008) [10]. In this case, the researcher has used Kaplan and Norton’s model to apply it to the university where he works. This work does not serve as an indicator of strategy that ought to be followed by the Université des Mascareignes but serves as a guideline to situate the existing problems in the university actually in a situation of inertia where the need to go back on the right track is urgent. Hence, an analysis of the model using four metrics could be a suitable approach to rethinking the strategy of the university and ensure that it operates again with the key principles upon which its vision was grounded back to the creation of the fourth public university of Mauritius.

Conclusion

There is no fast-track solution to the problem facing the Université des Mascareignes. Seen from the Balanced Scorecard perspective, it is clear that the development of synergy in key areas could be excellent levers to initiate change and bring about a certain degree of recovery to the university. Learning and growth synergy that promotes excellent leadership, good governance, promotion and rewards in a merit system could be the trigger for change and betterment in the UDM. This could give rise to internal process synergy where processes and operations could be developed in such a way to bring value through vertical integration of activities that reduce time wastage and create efficiency. Likewise, this could promote customer synergy through developing and adapting learning programmes that meet or exceed student needs and also develop long-term trust and loyalty. These could also be aligned with financial synergy that could be developed from better monitoring and use of funds, the development of performance indicators, good financial governance which in a combined manner should leverage the corporate vision and objectives of the Université des Mascareignes which is to be complementary

to other universities in Mauritius by offering professional courses of international standard by promoting an interdisciplinary approach to research and innovation as well as by promoting awareness about environmental issues (UDM Mission Statement, 2013) ^[13].

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