

## EXPANDED ABSTRACT

### **Balanced scorecard for the management of social impact in inclusive employment organizations**

The challenges presented by social organizations in terms of measurement and visibility of social impact are increasing. The progressive demands of the communities, the market and the public-private cooperation, require greater efforts to achieve efficacy and efficiency of social action. Given the multiple weaknesses in strategic planning and the nonexistent or inadequate measurement and control systems, that allow to know and to manage the results effectively, it is necessary to propose management tools tailored to the characteristics, resources and capabilities of these organizations.

According to these challenges, the main objective of the present study is to develop an instrument for managing the social impact of organizations or projects whose mission is to promote inclusive employment. This tool is based on an adaptation of the Strategic Map and the Balanced Scorecard (BSC), methodologies for strategic planning and management control, proposed by the authors Kaplan and Norton (1996, 2004).

These methodologies are considered extremely useful and relevant, not only because they have been validated in the conventional enterprise, but also because they are versatile, flexible and capable of being applied to any type of organization. The BSC, specifically, proposes financial and nonfinancial indicators in order to evaluate, through four perspectives (financial, customer, internal processes and learning and growth), the fulfillment of the value proposition of an organization in its different stakeholders. Thus, this instrument is also potentially applicable in the social organizations under study in order to manage and to control the fulfillment of their social objectives associated with various groups such as: beneficiaries, donors, government and employees, among others.

Additionally, this study establishes three specific objectives: a) To propose an adaptation of theoretical concepts related to the BSC according to the characteristics of the social enterprise, b) To define the pillars of strategic planning for social organizations or projects working for labor inclusion and c) To define a set of indicators (of results and impact) that, associated with the strategic objectives, serves as a guide for the measurement and management of social value.

Within this research, descriptive and practical, an analysis of the strategic planning of two social entities/projects, whose mission is to improve the labor insertion of groups at risk of exclusion, was carried out. These two organizations, specifically, develop their mission through training processes, labor intermediation, accompaniment or promotion of entrepreneurship. Taking into consideration this analysis and the review of other recognized approaches, methodologies and criteria for evaluating

social performance, the first approximation of the tool object of study (strategic map and BSC) was developed.

The methodology used in this project included five stages, namely: a) the homologation of BSC concepts, b) the design of a Strategic Map, c) the analysis and definition of indicators, d) the development of the BSC and e) the validation and adjustment. In order to define the indicators that would conform the BSC, an analysis matrix was used, with which, the indicators from different models and standards of social evaluation and the indicators proposed by the organizations were compiled, contrasted and analyzed. Afterwards, through a process of weighing, valuing and prioritizing, the most relevant indicators were selected to be included into the tool.

It is necessary to clarify, that the validation stage consisted in the presentation of the initial model (Strategic Map and BSC) to two Valencian social entities that work for inclusive employment (different from the initial organizations with which the design was made) and, additionally, the conducting of group interviews with the managers of these organizations. This stage was orientated to assess both the relevance of the indicators and the possibility of implementation (in a short term), according to the level of “complexity” that each entity would experience.

The main techniques used during the stages of the study were literature review, documentary analysis and semi-structured interview. Even when the qualitative approach prevailed, numerical data analysis (valuation and weighing) was also performed in order to prioritize the indicators that would be part of the BSC.

As a main result of the project, a proposal for a Balanced Scorecard (BSC) was generated, with a high potential of implementation in the studied organizations. This tool included a set of 54 indicators, quantitative and qualitative, associated with 21 strategic objectives, mostly common in organizations that work for inclusive employment.

In general terms, the validation results of the model suggested that both the Strategic Map and the proposed BSC, are useful tools and highly adaptable to social entities that work for inclusive employment. However, the interviewed organizations suggested that the implementation should be carried out in a planned and gradual way, considering the resources and internal capacities of each entity. Thus, the tool was organized in three levels or stages of implementation so that the indicators could be adopted gradually according to measurement difficulties and associated costs. The levels were the following:

Level I: This is the basic version of the BSC. It includes 23 indicators that are easy to measure, since most organizations have the necessary data and information. It includes the “minimums” for elementary monitoring of strategic objectives.

Level II: This intermediate level of the BSC, adds 20 indicators that require an “additional effort” to be measured, for example, conducting surveys, data analysis, reviewing external sources, etc.

Level III: This level, which represents the advanced version of the BSC, adds to the tool 11 indicators (impact or intangible), which require the use of qualitative techniques and the involvement of advanced measurement methods.

After presenting and evaluating the tool with organizations, it was also concluded that its adoption could result in various benefits for social entities, not only for the planning and controlling tasks, but also for the communicative and accountability duties. Nevertheless, it is necessary to advise that it is not entirely possible to “generalize” the model completely, even in organizations that have an almost identical mission (promotion of inclusive employment).

Although there is evidence of the adaptability of the objectives and indicators within some perspectives of the BSC, it is found that others could vary (or not apply) depending on the operation model of each entity and its own work. Therefore, it is recommended that before the implementation of the tool, the organization should make a review and, if necessary, an adaptation of the strategic map and its objectives, as well as, an assessment of the indicators, since these could be modified in accordance with the needs and priorities of a particular entity. The developed planning and monitoring instrument is sufficiently explanatory and flexible so that managers can adapt it according to their expectations, resources and capabilities.

The main value of this proposal is that, in addition to being based on a practical and proven planning and controlling methodology, it extracts and compiles other criteria proposed by recognized social evaluation approaches. The designed instrument includes a set of results and impact indicators that complement each other and contribute to a more comprehensive way to decision making in the social enterprise. The effectiveness and potential success of this BSC lies in the prioritization and selection of those indicators that are capable of adequately summarizing the organization’s management, the change model and, specially, the generation of value for each stakeholder.

**KEYWORDS:** Balanced Scorecard, social impact, project evaluation, inclusive employment, social enterprise, social balance, social performance.