



INSTITUTO
UNIVERSITÁRIO
DE LISBOA

**DESIGNING A BALANCED SCORECARD IN A SOCIAL HYBRID ORGANISATION:
THE CASE OF FRANCISCO MANUEL DOS SANTOS FOUNDATION**

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Master in International Management

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Operation and Management

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January, 2021



BUSINESS
SCHOOL

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Acknowledgments

I would like to thank the following people for helping me to successfully finalise my dissertation and both master's degrees.

Firstly, I would like to deeply thank my supervisors, Professor Dr^a. Alexandra Fernandes and Professor Dr^a. Maria João Major, for supporting me with encouragement, guidance, and feedback since day one and, mainly, for giving me the great example of being women leaders.

Secondly, I would like to express my appreciation to Francisco Manuel dos Santos Foundation for their support and, specially, to collaborators João Tiago Gaspar, Rita Rosado and Helena Bento who were always willing to help me.

Nobody has been more important to me in the pursuit of this project than the members of my family. My brother Gonçalo, my grandparents Bárbara and Desidério, my aunt Fátima, my uncle Alexandre and my cousin Rodrigo.

Finally, I am extremely grateful to my parents Lúcia and Rogério for their love, eternal support and sacrifices. Although we are sometimes separated for professional reasons, their values, guidance and example are with me in whatever I pursue. They are my ultimate role models and this thesis is dedicated to them.

Resumo

As organizações híbridas enfrentam diariamente um meio-ambiente em constante mudança, sendo necessária a adoção de mecanismos de gestão que garantam a sua continuidade no longo prazo.

Neste trabalho é demonstrado como o *Balanced Scorecard* desempenha um papel fundamental, como ferramenta de gestão estratégica e de desempenho, no pensamento estratégico, no controlo de gestão e no crescimento duradouro das organizações híbridas.

Seguindo as orientações de Kaplan e Norton, o objetivo central desta tese é conceber um *Balanced Scorecard* para uma organização híbrida social com um impacto único na sociedade portuguesa, a Fundação Francisco Manuel dos Santos. Nesse sentido, pretende-se responder à *research question*: ‘Como desenhar e implementar um BSC numa organização híbrida social?’.

De acordo com as características da Fundação e a natureza do seu meio-ambiente, os respetivos objetivos estratégicos, medidas, metas e iniciativas foram definidos nas quatro perspetivas diferentes (cliente; processos internos; aprendizagem e crescimento; financeira). Além de relatar eventos passados e a missão atual, o modelo desenhado tenciona dar à Fundação uma visão inspiradora sobre o seu futuro.

Em última análise, o estudo de caso neste projeto pretende ser um exemplo, exibindo o *Balanced Scorecard* como uma ferramenta flexível que estimula estratégias sólidas congruentes com as missões das organizações híbridas.

Classificação JEL: M14, M41

Palavras-chave: Controlo de Gestão; Organização Híbrida; *Balanced Scorecard*; Fundação; Estudo de Caso

Abstract

Everyday hybrid organisations face an unceasingly changing environment, being necessary to adopt management mechanisms that can guarantee their stable continuity in the long run.

In this paper it is demonstrated how the Balanced Scorecard plays a key role, as a performance and strategic management tool, that encourages strategic thinking, empowers management control and ensures long-standing growth in hybrid organisations.

Following the guidelines of Kaplan and Norton, the central purpose of this thesis is to design a Balanced Scorecard for a social hybrid organisation that has a unique impact on the Portuguese society, the Francisco Manuel dos Santos Foundation. In this sense, it is intended to answer the research question: ‘How to design and implement a BSC in a social hybrid organisation?’.

In accordance with the characteristics of the Foundation and the nature of its environment, the respective strategic objectives, measures, targets and initiatives were defined in the four different perspectives (customer; internal processes; learning and growth; financial). Beyond reporting past events and the current mission, the designed model aspires to give the Foundation a *brain wave* on its future.

Ultimately, the case study under research aims to be an example, exhibiting the Balanced Scorecard as a flexible tool, which stimulates accurate strategies congruent with hybrids’ missions.

JEL Classification System: M14, M41

Key Words: Management Control; Hybrid Organisation; Balanced Scorecard; Foundation; Case Study

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Glossary of Acronyms and Abbreviations

BSC – Balanced Scorecard

CEO – Chief Executive Officer

CSAT - Customer Satisfaction Score

CSF - Critical Success Factor

CSR - Corporation Social Responsibility

FFMS – *Fundação Francisco Manuel dos Santos*

IQ - Innovation Quotient

IT - Information Technology

IVR - Interventionist Research

KPI - Key Performance Indicator

L3C - Low Profit Limited Liability Company

MCS - Management Control System

NPOs - Non-Profit and Government Organisations

NPS - Net Promoter Score

R&D - Research and Development

SBU - Strategic Business Unit

SE - Social Entrepreneurship

SSI - Stakeholder Satisfaction Index

SWOT - Strengths, Weaknesses, Opportunities and Threats

TPE - Total Partners Experience

U.S. – United States

CHAPTER I – INTRODUCTION

1.1. Background of the Study and Objectives

Today's societies face increasing problems and challenges related to sustainability, which have led to the emergence of a global change on the economic, environmental and social dimensions. This need for a paradigm move has highlighted the promotion of sustainable organisations that are able to generate *value capture* for their owners and *value creation* for their beneficiaries.

In this context, hybrid organisations emerge at the intersection of market, state, and civil society. They are defined as organisations with several identities, forms or institutional logics, which can result from the combination of activities, structures, processes and meanings. Overall, these organisations manage multiplicity and permutation, being “*a locus of disorder, and potentially, of creativity*” (Battilana and Lee, 2014: 398). Social hybrid organisations, as a particular form of hybrid organisation, can be non-profit or for-profit organisations that follow a very strong social/environmental mission and drive a business model to improve matters like poverty, environment, human rights or education (Haigh *et al.*, 2015; Alexius and Furusten, 2019).

With the development of globalisation, allied to an unsteady and competitive environment, hybrid organisations began to need a strategic direction that is able to fulfil the needs of both market and society. These days, this kind of organisations crave to guarantee a joint accountability, that combine both business and charity forms at their core, in order to avoid a “mission drift” towards either purely economic or purely social matters. Besides that, their success highly relies on the capacity of innovation of its managers, who must invest in methods and technologies that can keep organisations contemporary, and thus meeting the demands of all parties (Battilana and Lee, 2014; Battilana, 2018).

To achieve this, the present dissertation suggests that management control systems (MCS) perform a significant function in ensuring that these organisations avoid such slips and maintain the hybridity of their identity and purpose. It is in this standpoint that the Balanced Scorecard (BSC) arises.

The BSC is a strategic management system developed in the 1990s by Robert Kaplan and David Norton, being currently considered one of the most suitable tools seeking performance measurement, strategic strengthening and management control. Initially, the BSC was conceived as a model for assessing only organisational performance, but it quickly evolved into a strategic management instrument, which allows the alignment of strategic goals with critical success factors in the medium and long term (Kaplan and Norton, 1992; 2001a; 2001b).

The BSC is composed of financial and non-financial indicators, being able to define customer satisfaction, optimisation of internal processes, capacity of learning and growth, and financial potency of an organisation (Kaplan and Norton, 1996a).

It was with the goal of highlighting the potential of the Balanced Scorecard, as a management control system, in the context of hybrid organisations, that the development of this dissertation focuses on the design of a BSC for a Portuguese social hybrid organisation, *Fundação Francisco Manuel dos Santos* (FFMS). The creation of this project aims to investigate the impact of the BSC, as an innovative process, in the strategy, communication, participation and empowerment of FFMS.

1.2. Methodology and Research Method

The research design aimed to answer the research question ‘How to design and implement a BSC in a social hybrid organisation?’. In this sense, the development of this work was supported by a qualitative methodology, having followed an interventionist approach (cf. Baard and Dumay, 2018). The researcher represented a ‘facilitator’ role, working as an investigator in the subject under research and working as a consultant in the BSC’s design, implementation and experimental validation (cf. Ryan *et al.*, 2002).

The research method selected was the ‘case study’ once it is the most suitable method when presenting a proposal for management practices, aiming to solve boundaries or new needs in current practices. More specifically an ‘experimental case study’ was conducted, through a data triangulation: ‘Document Analysis’, ‘Interviews’ and ‘Actions Observation’.

For the development of the case study, there was an ongoing contact established with three collaborators of FFMS: João Tiago Gaspar (Investigation Team Coordinator), Rita Rosado (Projects Manager) and Helena Bento (CEO). This involvement was fundamental for accessing privileged information, which contributed to the approximation of the research to the reality of FFMS.

Literature review on interventionist research, case study research and methodology in financial accounting was presented. In the end, the methodology and research method were elected considering the goal of developing a new accounting technique that may help managers in hybrid organisations. It was intended to consider existing theoretical perspectives, using normative reasoning, to indicate what can be done in practice.

1.3. Structure of the Dissertation

Considering the proposed objectives, this dissertation is structured (apart from Introduction) in four more chapters nominated by ‘Literature Review’, ‘Methodology’, ‘The Empirical Study’ and ‘Conclusions’.

Therefore, in Chapter 2 it is presented the literature review, which explains the origin and historical progress of hybrid organisations, management control and Balanced Scorecard.

Then, in Chapter 3 the methodology and research methods employed in the study are described.

The dissertation continues with Chapter 4 in which FFMS is presented and the BSC model design is proposed and applied.

The dissertation ends with Chapter 5, in which final conclusions, contributions, limitations and suggestions for future research are discussed.

CHAPTER II - LITERATURE REVIEW

2.1. Hybrid Organisations

2.1.1. Context in the 21st century

With the increase of world capitalism, some harmful impacts began to be noticed. Congestion of the industrialised markets, big discrepancies between rich and poor, spread of the environmental deterioration, and the overall worry of the big economies that are losing control of their own decisions (Hart and Milstein, 2003).

Thereby, the development of sustainability has arisen to challenge the environmental, social, and economical scopes, whose development should be harmonious and considered urgently in organisations. In the environmental area, organisations should have responsibility in the air, water, land and biodiversity resources wherever functioning at a local, national, regional or international dimension. In the social area, organisations should be evaluated if either their activity has an effect in the society, counting employees, customers, suppliers, community and corporate partners. In the economical level, organisations should operate with compliance, proper governance and risk management. Using accurate and transparent accounting methods is extremely important (Marcus and Fremeth, 2009).

When it comes to the business model, organisations that follow a business model that it is “sustainability driven” not only ameliorate the social and environmental effects of business practices, but also establish generative networks between businesses and the communities/environments backgrounding them (Haigh and Hoffman, 2012).

Institutional work is a significant concept to bear in mind, as it promotes the idea that institutions are important vehicles for the realisation of human purposes, rather than mere strategies of social control. This idea suggests, therefore, that institutions should exist to serve people, and not the opposite way (Kraatz, 2009). By exploring the definition of institutional work, which refers to what actors do to create, maintain or disrupt institutional structures, scholars believe that institutional work offers thrilling new opportunities for moving forward thinking on institutional change in many policy scopes, such as water governance, climate adaptation, and urban planning (Beunen and Patterson, 2016).

Battilana (2006) and Battilana *et al.* (2009) further reinforce that in any organisation, individuals perform a meaningful function as actors who have a curiosity in certain institutional positions and as actors who gather resources to produce new institutions or change the current ones. However, for this to happen, it is important to understand under what circumstances

individuals are more expected to conduct divergent organisational change, i.e., to involve in institutional entrepreneurship.

2.1.1.1. Social Entrepreneurship

Social Entrepreneurship (SE) has gained great attention from firms and researchers. Researchers recognise that every entrepreneurship pursues a social function, nevertheless SE contrasts from traditional entrepreneurship since its main objective is producing social value rather than generating private economic return. Extensive literature has defined social enterprises in a wide range of perspectives, such as non-profits, for-profit companies managed by non-profit organisations, or even organisations involved in business activities for accomplishing social goals (Gupta *et al.*, 2020).

Some organisations, like non-profits, aim to create entirely social value, while others, like for-profits, perceive it as a positive consequence of their activities. Nearly all organisations are variations in between these two extremes (Kuratko *et al.*, 2017).

Yet, generating value creation through efficient business strategies is not an easy task. Clark *et al.* (2018) recommend that the business model of a social enterprise needs to primarily chase a social mission, cause positive externalities in society, know the significance of entrepreneurial functions, and ambition to reach competitiveness in markets with the help of planning and effective management.

Moreover, Canestrino *et al.* (2020) proved that culture is a determinant key driver of SE. These authors affirm that having knowledge about cultural features highly impacts the emergence and the development of SE in different countries, to policymakers and to stakeholders. The study also shows the way culture and cultural differences can be managed in order to progress the effectiveness of firms' actions, principally adverting to social welfare.

Kuratko *et al.* (2017) also created a new instrument to measure organisational antecedents for social corporate entrepreneurship, the Social Corporate Entrepreneurship Scale. This tool essentially helps managers to examine whether the employees sense the organisation's environment as a channel to social corporate entrepreneurship behaviours, and thereby enables advancement towards the organisation's target of causing social value.

2.1.1.2. Gains from Social Entrepreneurship Behaviour

A study conducted by Helen Haugh (2006: 180– 207), investigated concrete social and environmental gains that accrue from enterprising behaviour.

Through the qualitative and longitudinal study of six social enterprises located in the rural area of north-east Scotland, it was possible to verify different types of outcomes that flourished in the region. The author found that an outcome, as it differs from output that is a direct product made or service delivered, could be connoted as direct or indirect economic, as direct or indirect social, and as environmental.

In the region studied, direct economic outcomes turned to be the creation of new organisations, employment opportunities and income. Indirect economic outcomes included the increase of skill levels of the population, and the growth of the money circulation and retention within the community and region where the enterprises are based.

On the other hand, direct social outcomes were the reduction of social exclusion and the enhancement of integration. Indirect social outcome was per instance the increase of individual feelings such as independence, motivation, enthusiasm, confidence, empowerment and overall community vibrancy.

The environmental outcomes reflected in the improvement of physical infrastructures in the community: the renovation and reuse of old buildings, the creation of sports and leisure facilities, and the removal of dangerous structures.

2.1.2. Development of the Concept

A new model of organisation has arisen (Haigh and Hoffman, 2012), that relies mainly on commercial revenue to bear operations and, in addition, chases a very strong social and/or environmental mission in diverse areas, such as hunger, health care, economic development, environment, education, housing, culture, law, and politics (Battilana *et al.*, 2012). These organisations conduct a balance between the for-profit and non-profit realities, and began to be named as Fourth Sector, Low Profit Limited Liability Company (L3C), Blended Value, For Benefit, Values Driven, Mission Driven, Benefit Corporation, or by the term most familiar, Hybrid Organisations (Haigh and Hoffman, 2012).

This kind of organisations is not a new phenomenon, as hospitals and educational institutions have been doing such practices for a long time. But what is changing is the fact that these ventures are extending into new areas, such as financial intermediation, personnel staffing, retailing, and software development (Dorado, 2006).

Successful business innovation can be an effective solution to fight several community issues. Rather than market standards, social entrepreneurs can discover pioneering initiatives, figure new social arrangements, and get together sustainable resources (Alvord *et al.*, 2004).

Following this line of thought, Jay (2013: 137) refers that hybrid organisations “*combine institutional logics in their efforts to generate innovative solutions to complex problems*”.

Battilana and Lee (2014) state that social enterprises are the ideal type of hybrid organisation, once their sustainability as hybrids relies mutually on the development of their social mission and on their commercial performance. Furthermore, Mersland *et al.* (2019) remark social enterprises are hybrid organisations that concomitantly chase social and economic goals, and therefore are equidistant from conventional capitalistic firms and non-profit organisations.

Some “classicists” highly contest the definition of for-profit social enterprise models, insinuating that no social enterprise should take profits and should instead function only as non-profits. Thereupon, the definitional term *hybridity* emerged, acknowledging that some organisations might assume some limited profit distribution but still hold the primacy of their social/environmental missions in the means of not-for-profits (Holt and Littlewood, 2015). Howsoever, social business hybrids have an important role in modern capitalism, once they are positioning business models that can carry value through a profit-seeking demeanour combined with societal welfare. As far as hybrids can maintain sustainability and their solution can escalate, they can represent an imperative economic and social entity, by overcoming market failures and government negligence (Santos *et al.*, 2015).

Lee and Jay (2015) highly suggest that hybrid social ventures can generate value through capturing customers with the same sustainability values. This will, eventually, lead to loyalty and word-of-mouth. A possible successful target that hybrid organisations should focus are customers that desire sustainability offerings and that are, normally, relatively young, wealthy, and educated. Ebrahim *et al.* (2014) further comment that integrated hybrids are at an advantage since they reach their mission by integrating beneficiaries as customers. One good example is the organisation ‘VisionSpring’ that sells affordable high-quality eyeglasses to people who cannot afford or access this product in emerging market countries. The organisation also hires and trains local women with economic difficulties.

Nowadays, corporate leaders cannot disprove societal expectations towards sustainability issues. Their survival depends on the alignment of their profits with long-term value creation in society, in order to satisfy employees and customers, regulators and policymakers, and even investors who are progressively converging to socially responsible investing. Corporations are inevitably looking more closely to the societal background and communities on which they depend (Santos *et al.*, 2015).

The fast growth and global propagation of hybrid organisations during the last decade resulted in a visible pressure to better comprehend their capacity to fill gaps and react to social and/or environmental worries in different contexts and countries. All over the world, national and international policymakers and donors are very attentive to the development of these kind of ventures (Holt and Littlewood, 2015).

2.1.3. Organisational Structure

Regarding hiring and organisational development policies, research is nearly absent and only beginning in the field of hybrid organisations (Dorado, 2006).

In general, the largely responsible in an organisation for carrying out governance roles is the organisation's board or governing body. Yet, an organisational governance system is much broader and consists in the combination of responsibilities, requirements, and accountabilities operated by other actors as well, such as managers, members, reporters, auditors and advisors. When it comes to non-profit organisations, the focus of governments has been in certificating if the arrangements used are satisfactory to guarantee that non-profit organisations are effective, responsible, and accountable for their actions (Cornforth, 2011).

Furthermore, it is not only about leading firms to act and punishing them for rejecting to act accordingly with government requirements and regulations. A key characteristic in green competency achievement is the role that managers and directors play (Marcus and Fremeth, 2009).

The individuals that administrate hybrid organisations must be socially and environmentally mindful entrepreneurs, who are building a career by developing new notions of firms in society, and by giving the example of how to run a sustainable company (Haigh and Hoffman, 2012). The founders of these ventures are a new generation of leaders, both acting in and connecting business, government, education and community. Individuals that are mission driven leaders, with prodigious skills in communicating and inspiring staff, users and partners. They combine street pragmatism with professional skills and can create remarkable schemes with no resources (Dorado, 2006).

Indeed, some researchers defend that multiple identities, values and dualities in one organisation can be problematic, once it potentiates conflict, dis-identification and, consequently, declining organisational performance. These researchers emphasise that at the group level, it can mean lower cohesion and higher clashes, or at the organisational level, it can mean tendency for contradictory, that leads to defensive responses and vicious cycles, or at the society level, it can mean uncertainty and controversy. Contrarily, it has also been proven that

multiple identities and other dualities within organisations can bring not only challenges, but also benefits for organisations. Professionals with multiplicity characteristics implement, more easily, integration practises and strategies when a divergent circumstance appears, and make distinct contributions of different types of value (Besharov, 2014).

Through two longitudinal studies, Lee and Battilana (2018) found out that founders of hybrid organisations who had experienced both the business and social sectors were more likely to combine market and social ideologies. These authors further observed that entrepreneurs who had already indirectly contacted with both commercial and social sectors through their parents' professional experiences were also more likely to start a hybrid venture. Other interesting observation was the fact women were less likely than men to create this kind of organisations. Unfortunately, gender stereotypes still exist where men are more associated to competitiveness, to greater risk-taking and to the overall business sector. However, women who created a hybrid organisation have historically encouraged and impacted this industry, becoming a great example for the present and future society.

Despite all the theories analysed, it has been proved there are more and more managers looking for a company culture that suit their personal beliefs, and individual thinking of calling and purpose. To consider not only economic objectives but sustainable ones as well, a manager needs longer time prospects together with independence and an optimistic innovative leadership (Haigh and Hoffman, 2012).

For instance, companies can attract and retain professionals with great motivation by using Corporation Social Responsibility (CSR) and, thus, differentiating themselves from its competitors. It is believed that the best professionals in the world ambition to work in organisations that display good corporate citizenship and that engage a relationship not only physical but emotional as well (Bhattacharya *et al.*, 2008).

2.1.4. Mission Drift

The arrangement of both social mission and commercial revenue may seem discordant (Battilana and Lee, 2014) and a supportive ecosystem for organisations that combine social value creation and commercial revenue does not exist yet, so hybrid organisations must find a balance between social and economic goals in order to keep functioning, stay truthful to their original legacy and not commit a “mission drift” (Battilana *et al.*, 2012).

In some cases, as their main revenue source is commercial, depending on markets rather than grants and donations, hybrid organisations are at risk of losing focus of their social mission in their exertions to produce revenues, to nourish themselves and to enrich their operations

(Ebrahim *et al.*, 2014). Although many managers try to avoid this mission drift, some hybrids cede from their mission in the moments of acquisition, leadership variations, or aggressive competition with standard businesses that maximise profits (Haigh *et al.*, 2015).

A countless danger of mission drift is the target that hybrids are serving. Once hybrid organisations have two targets, clients (who pay for the service/product) and beneficiaries (who benefit from it depending on the social mission), their business model become more complex and tougher to manage and scale. The reason why is because hybrid organisations may be persuaded to concentrate on serving the needs of paying clients instead of beneficiaries' needs (Santos *et al.*, 2015). Even integrated hybrids are at risk of mission drift, as they may prioritise profit-seeking over social mission, by charging higher prices that are not within the economic possibilities of beneficiaries, or by shifting to market segments that can afford their products/services, forgetting those who most need them (Ebrahim *et al.*, 2014).

Additionally, hybrid organisations can find it difficult to recognise their hybrid as a non-profit or as a for-profit. If a hybrid enrolls as non-profit, it may have to pay tax on revenues associated with the commercial activity, it could lose tax-exempt and it cannot reach equity capital markets once it cannot legally sell ownerships stakes to investors. On the other hand, if a hybrid registers as for-profit, it may suffer pressures of competitive markets and fiduciary responsibilities in order to maximise profit, and it cannot offer their donors the same tax benefits as non-profit can (Battilana *et al.*, 2012).

The choice of a specific legal form is extremely important because it has numerous consequences. The founding of a non-profit or a for-profit has implications in the board of directors, in the accessibility to financial resources or in the attainability to markets. Scholars argued that non-profit and for-profit ventures are social because their purpose is to address problems that the private sector has not been resolving sufficiently. Nonetheless, these ventures cannot fit standard governance form. Once they are not supposed to maximise profit, they become fragile because their legal form adopted can eventually thrust them to leave the mission that originally inspired founders to create them (Dorado, 2006).

The way an organisation is composed and managed can also lead to mission drift. As organisations grow, the teams become bigger, miscellaneous and dispersed. In fact, job candidates with extensive experience or training in hybrid working environments normally do not exist. It is a risk to hire people with work experience only in the social area or in the business area, once the possibility of mission drift rises meaningfully (Battilana *et al.*, 2012). Yet, hiring individuals who have experience in only one of these sectors facilitates the coherence and

endurance of organisations (Dorado, 2006). With this, hybrid culture and values can be called in question (Battilana *et al.*, 2012).

2.1.5. Prevention and Prospects

Klein *et al.* (2020) detected three key strategic options that, as a result, can avert mission drift in hybrid organisations, more specifically in social purpose organisations:

The first is about integrating stakeholders in the value creation. To accomplish the established social mission, relevant stakeholders should be treated fairly and perceived as a vital part of their firm's business model. In addition, a careful and active communication about the organisational needs and goals should be delivered. By enclosing stakeholders in value creation processes and by regularly requesting their feedback on the organisation's doings, the sense of mission drift can be diminished.

The second is about collaborating with partners that share the same values. Cooperating with the right partners allows mission alignment and fortifies the capability to produce social and economic value. Moreover, collaborating with local and regional partners helps social purpose organisations to work with ecological values, to better address social issues and to gain legitimacy as a social enterprise. With this, a perfect match between identity and action is born.

And finally, the third is about exhibiting a high level of transparency. Promoting transparency in all activities, objectives, strategies and overall business model. This will distinguish social purpose organisations from their commercial competitors and deliver an exclusive marketing point for their customers. Transparency increases legitimacy and credibility towards partners, customers, and stakeholders, and consequently reduces erratic action and mission drift.

Alexius and Furusten (2019) reinforce that although hybrids are intended to deal with institutional intersections, a hybrid's consistency cannot be assumed. Management and staff play an extremely important function in nurturing legitimacy and authenticity. Additionally, perceiving hybridity as complex, risky or challenging in an inbreathable way is crucial to the mentality of its leaders and stakeholders, including scientific, academic and business ethics communities.

Haigh *et al.* (2015) believe in the talent of hybrid entrepreneurs to build up innovative business models and strategies that equilibrate the danger of mission drift with the danger of financial collapse. Battilana and Dorado (2010) also suggest that hires who are focused on operational excellence can be more effective in emerging an organisational character that accomplishes its mission and reaches a balance between the logics combined.

Battilana (2018: 1298) affirms future research will need to understand the conditions that hybrid organisations can create more social and economic value, and contribute to repair economic disparities, cultural gaps, and environmental decadence. *“As such, hybrid organising may be a wellspring of organisational and societal level research in the years and decades to come”*.

2.2. Advancement of Management Control

The definition of management control appeared when Robert Anthony (1965) distinguished this concept from both strategic planning and operational control. This author argued that strategic planning activities include the set of long-term aspirations and purposes, as well as the preparation of long-term strategies and procedures for the entire organisation. Contrarily, operation control activities refer to specific responsibilities and dealings whose performance can be accurately assessed. Management control was concluded, therefore, as the linking process of these two concepts.

Years later, Dupuy and Roland (1999) added that management control is the set of processes which gathers and uses information in order to monitor and control the evolution of an organisation at all levels.

Jordan *et al.* (2003: 17-20) announced other three definitions, referring the usage of appropriate instruments:

“management control is the permanent effort made by the company's main managers to achieve the objectives set”;

“management control should provide all people in charge the tools to pilot and make appropriate decisions that ensure the company's future”;

“management control is a set of instruments that motivate decentralised managers to achieve the company's strategic objectives, favouring action and decision making in a timely manner, and favouring the delegation of authority and accountability”.

From another perspective, Merchant and Stede (2007) divide control systems into two basic perspectives, the strategy control and the management control. The strategy control aims to help managers understanding if their organisations' strategy is valid, and if not, what actions to take to change it. On the other hand, management control seeks to perceive if employees know what is expected from them, if they will perform as the organisation plans, and if they are able to achieve those organisational objectives under the conditions in which they work. If not, management control addresses those problems with effective solutions. Fundamentally, the authors acknowledge management control as the primary process to influence employees' behaviour towards the intended organisational goals.

Regardless all definitions, management control plays a fundamental role in all organisations. Besides enabling the identification of goals, measurement of performance, resolution of potential nonconformities and reallocation of resources, management control also supports decision-making by considering both strategic, operational and individual objectives

(Otley, 1994; Anthony and Govindarajan, 2007). To enhance this, Otley (1994: 298) further comment “*management control is a key activity for every business organisation as it provides the focus for all those activities designed to help ensure that overall operating coherence is maintained and that the organisation retains a capability to survive in its uncertain environment*”.

2.2.1. Correct use of Management Control

It is known that *perfect control* does not exist, however organisations should try to implement at least one good MCS, once the success of an organisation relies on it. However, more or better MCS should only be implemented if that means lower costs in control, and the costs of implementing such systems is worth it (Merchant and Stede, 2007).

Malmi and Brown (2008) emphasise the importance of non-financial measures as part of MCS, to solve some of the financial measures limitations and to cognise potential drivers of performance.

Financial indicators do not display an inclusive perspective of the market, as they do not consider features such as customer satisfaction, employee motivation, quality assurance, industry competitors, innovation production and operational efficiency. All these aspects condition the results and permanency of an organisation. Russo (2008) claim these indicators have proven to be unable of ascertaining the ultimate assumptions that explain the success or failure of organisations. This inadequacy is explained by the fact that the critical success factors, for the competitiveness of businesses, lean on intangible factors.

Regarding hybrid organisations, to successfully deliver a socioenvironmental mission forward, organisations must connect internal accounting and control methods with external transparency goals. As Traxler *et al.* (2020: 4) argue “*this linkage of reporting and management control makes a significant contribution for a good progress towards corporate sustainability and consequentially to a sustainable economy*”.

MCS aim to support routines and procedures that managers can rely on to preserve or change their organisational actions (Simons, 1995). Likewise, MCS play a central part in guaranteeing all environmental and social activities that are embedded in an organisation’s strategic plans. Managers should pay attention and invest in MCS to take their CSR strategy onward. Indeed, the dynamic use of MCS is expected to rise the perceptibility of innovative opportunities, such as the progress of green chemicals or hybrid cars (Arjaliès and Mundy, 2013).

Boland *et al.* (2008) found out, through their case study in two hybrid organisations (joint ventures) in the oil and gas industry, that when implementing management control, both organisations witnessed, contrary to what was predicted, several unexpected results. For example, improved control only resulted when there was a reduction in the number of controllers, financial efficiency was only noticeable when real financial experiences had an inefficient outcome, partners could participate more effectively in control processes when giving up on knowledge resources, and leaving the control culture of parent organisations promoted a more active culture of control.

Such results advise future managers and controllers of hybrids to consider a path-creating change as a dynamic process influenced by technological, economic and institutional pressures, i.e. consider management accounting change, abandoning the rigid practices of parent organisations and making a commitment to understand the “best way things work” in their hybrid environment.

Based on these findings and over the past few years, intangible assets began to conquer great status in performance measurement of organisations, across developing management control instruments that integrate both financial and non-financial factors. For management control to result in hybrids, the chosen MCS must be wide-ranging, innovative, adjustable, personalised and assured.

In addition, the success of a MCS is defined by the people who manage it. The needs, resources and environments of an organisation change over time, consequently, managers need to replace and/or complement some forms of control implemented. Also, the culture of an organisation and people who work there vary from place to place. All these factors should be considered and adapted according to its MCS (Merchant and Stede, 2007).

Gradually, management controllers began to be known as *agents of change* once they play a significant, interventional and inventive role along processes. Jordan *et al.* (2003) further emphasise their role, once they are a key factor to effectively implement and spread management control at all levels of an organisation. As it requires the active participation of all members, management controllers should raise awareness among operational managers and other stakeholders. Moreover, the authors suggest the creation of an additional system of sanctions and rewards, which depends on the quality of decisions and the objectives achieved by employees.

Ending this chapter, it is important to underline that the first stage of management control passes by strategic planning. Jordan *et al.* (2003) ultimately defined strategic planning as the process that advises managers about the organisation's objectives and the strategies to achieve

them. In accordance to these authors, the top managers of an organisation are the main responsible for defining strategic planning, whereas in management control, participation is extended to operational staff and middle managers.

With this, the BSC is considered the most complete MCS once it covers both financial and non-financial performance measures and, at the same time, plays as a strategic planning and management system. Due to its eclectic fulfilment, it has become relatively well-known in the 'hybridity world' (Malina and Selto, 2001; Malmi and Brown, 2008).

2.3. The Balanced Scorecard

2.3.1. Conception

Over time, value-creation strategies, created from only managing tangible assets, progressed to knowledge-based strategies, also based on intangible assets. These intangible assets could be customer and supplier's connections, pioneering products and services, efficient operating processes, labourer's knowledge and skills, information technology systems, or organisational environment that stimulates development, problem-solving and innovation. However, when validating on balance sheets, companies found it difficult to measure intangible assets, once the value of them is indirect, and depends on organisational context and strategy. With this, it was concluded that an individual intangible asset does not create value by himself. It is necessary to consider a set of assets blended, intangible and tangible, with a strategy that links them along (Kaplan and Norton, 2001b, 2004).

Managers and academic researchers, in observing and collaborating with a range number of companies, found that no single measure can offer an evident performance or attention on the crucial areas of business (Kaplan and Norton, 1992). Therefore, Kaplan and Norton (1992, 1996a, 1996b) created a system that combines both financial and operational measures, named Balanced Scorecard (BSC), with the aim of improving performance measurement and supporting managers to upgrade their decision making and problem solving. This American conception is a set of balanced measures that rely top managers a rapid but understandable view of business by complementing financial measures that express the result of actions taken in the past with operational measures on customer satisfaction, internal processes and innovation and learning, that express the drivers of future financial performance.

The BSC is supposed to convert a business mission and strategy into concrete objectives and measures (Kaplan and Norton, 1996a). The scorecard presented new processes, that distinctly and combined, connect long-term strategy with short-term actions (Kaplan, and Norton 1996b). These next five processes turned the BSC from an instrument for performance measurement to an instrument for strategy-driven performance management (Kaplan and Norton, 2001a, 2004, 2006).

The first process, *translate the strategy into operational terms*, supports managers to translate vision and strategy statements, into specific objectives and operational terminologies, that serves as an action guide to professionals at local level.

The second process, *align the organisation to the strategy*, links and lines up all organisational strategies, between various units such as manufacturing, finance, sales

marketing, etc. This will result in synergies that can create efficient interactions across all functions.

The third process, *make strategy everyone's everyday job*, helps managers to communicate and guarantee the long-term strategy to all levels of organisation, as to align the departmental and individual objectives with it. Plus, promotes incentives and reward systems in order to employees feel the impact of their successful actions in the execution of strategies.

The fourth process, *make strategy a continual process*, allow companies (by articulating the vision, revising processes and providing feedback) to match their business plans to their financial resources, to review strategic initiatives in regular milestones and meetings, and to adapt strategies while instantly learning.

The final and fifth process, *mobilise change through executive leadership*, capacitates executives to implement innovative strategies and new cultures into their management systems. It also mobilises a climate for change and a vision to show of what can be accomplished.

In practice, a BSC is a strategic framework that approaches value-creation strategy from four perspectives: financial, customers, internal business processes, and learning and growing (see Figure 2.1).

The financial perspective is considered from the shareholder perspective and it is the strategic area related with revenue growth, profitability and risk (Kaplan and Norton, 2001a). In the case of for-profits organisations, this perspective shows if the organisation's strategy and operations add value to shareholders. In the case of non-profits shows if the strategy and operations contribute favourably to the organisation's financial welfare. The revenue and productivity are important performance indicators that illustrate the decisions made in the past and can prevent what can be done in the future. Financial objectives should be lined up with strategic planning (Kaplan and Norton, 2001b, 2006).

The customer perspective is considered from the customer view as the name implies, and it is the strategic part responsible for creating value and differentiation (Kaplan and Norton, 2001a). The combination of product, price, service, relationship, and image conceives how an organisation can achieve, within its target segments, customer acquisition, customer retention, customer satisfaction, customer profitability, and market share. Other intentional outcome of this perspective is the delivering of a distinguished value proposition to customers (Kaplan and Norton, 2001b).

The internal business processes perspective refers to the strategic prime concerns for several business processes, causing customer and shareholder satisfaction (Kaplan and Norton, 2001a). A differentiated value proposition for customers and an efficient productivity for

financial goals are dependent of internal operational objectives. Kaplan and Norton (2001b: 93), argue that “*building the franchise, increasing customer value, achieving operational excellence, and becoming a good corporate citizen*” are the four top procedures for organisations to achieve great operational performance that leads to high-quality products/services and, in consequence, pleased customers and long-term prosperity.

The learning and growth perspective, which can be found in the final region of a scorecard, is the major concern to implement an environment that assists organisational change, innovation and growth (Kaplan and Norton, 2001a). This perspective determines the employee capabilities, information systems and corporate environment related to strategy awareness and organisational culture development. The principal purpose is to guarantee the organisation’s medium and long-term growth (Kaplan and Norton, 2001b, 2006). Figure 2.1 presents the BSC framework proposed by Kaplan and Norton and its four perspectives.

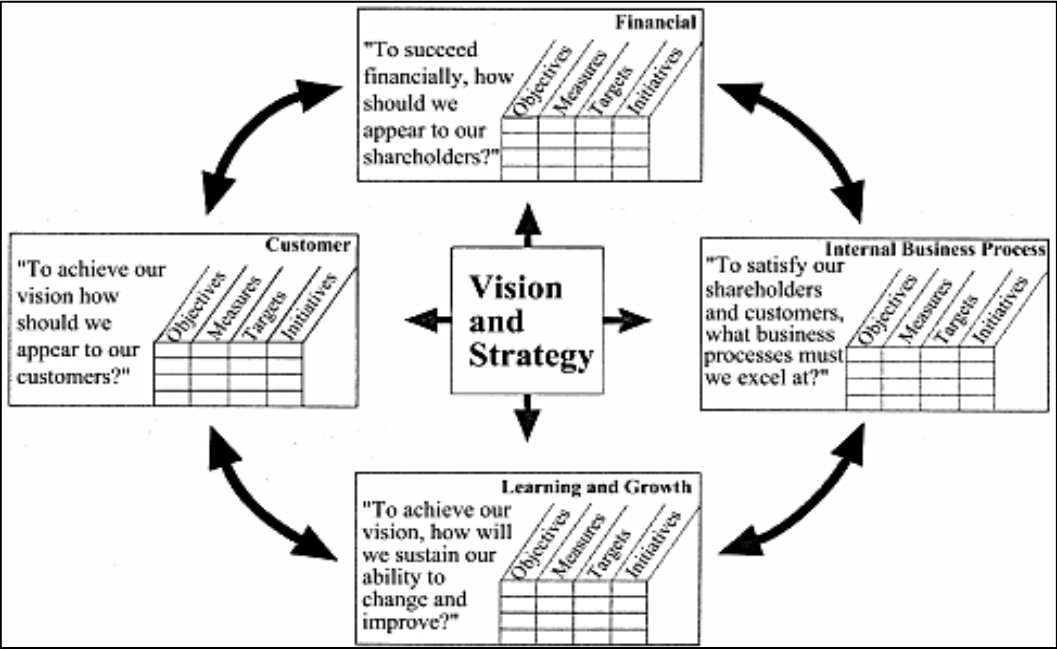


Figure 2.1: “*The Balanced Scorecard Provides a Framework to Translate a Strategy into Operational Terms*” – Source: Kaplan e Norton (1996b: 76)

Peters (2014), quoting the words of Kaplan and Norton (1996a: 31), acknowledged “*a good Balanced Scorecard should tell the story of an organisation’s strategy*” and it should hold three essentials.

The first says BSC must have a cause-effect relationship. Measures, instead of being considered in isolation, need to be linked. Subsequently, the network resulted from these synergies create the strategies.

The second refer to the idea that the BSC must have *lag* and *lead indicators*. Lag indicators, like market share, are measures that are usual within industries and, although important, have no special advantage. Lead indicators are unique measures that represent individual features and strategies of a single organisation.

The final one says that the effectiveness of a BSC should be related to financial measures. The measures in the cause-effect relationship need to be associated with financial objectives that are presented as final goals of the scorecard.

2.3.1.1. The Strategy Map

In order to enable the understanding about how an organisation can generate value by linking objectives with cause-effect relationships, Kaplan and Norton (2004) proposed a *strategic map* in the BSC design, i.e., a top-down diagram that shows all options of the organisation's strategy, capacitating managers to choose the best strategic objectives and perceive the flaws in the organisation's BSC. This visual representation also facilitates the debate of the organisational performance accomplished and the contribution of each employee in achieving the strategic objectives.

Briefly, the strategic map is known to be simple and clear. It connects the four perspectives, readapts the strategic objectives to the needs, and reflects how the top management assesses its organisation's performance (see Figure 2.2).

Still regarding the objectives, when deciding what performance measures should be chosen, managers who possess a wider understanding about the business strategy, will rely on the best performance indicators linked to the strategy. On the other hand, for managers that are not clarified about the business strategic plan, the choice of strategically linked measures or non-linked/common measures is indifferent (Banker *et al.*, 2004).

Figure 2.2 illustrates the Strategic Map proposed by Kaplan and Norton with the cause-effect relationships that can result in the four mentioned perspectives.

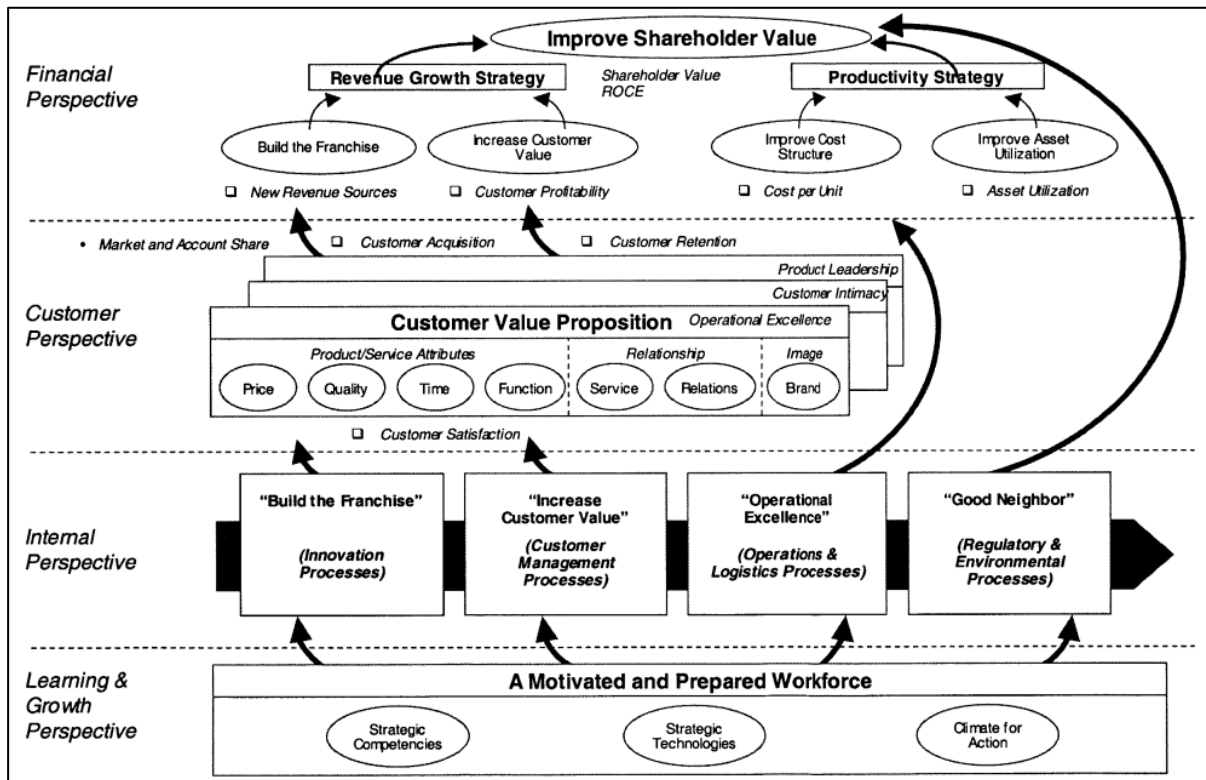


Figure 2.2: “The Balanced Scorecard Strategy Map” – Source: Kaplan and Norton (2001b: 92)

2.3.2. Balanced Scorecard versus Tableau de bord

In 1930, a dashboard, termed *tableau de bord*, was created in France with the aim of leading organisations to their objectives. This system was built under ratios and graphics to show managers their organisation’s current situation and speed up their future decisions. The *tableau de bord* presents three dimensions, political, strategic and economic, in a hierarchical construction. Nevertheless, while the political conception demonstrates consistent basis for its conception, the hierarchy is not undoubtedly uniform once the strategic dimension is indeed a vectorial blend of the other two dimensions (Bessire and Baker, 2005).

The *tableau de bord* is often compared with the BSC since they both decode strategies into concrete objectives and measures. Both are strategic management instruments that have a top-down structure, and a relation between top executives’ decisions and staffs’ actions (Bourguignon *et al.*, 2004). Bessire and Baker (2005) claim that both systems even have a mutual limitation. The *tableau de bord* and BSC equally highlight the mechanical metaphor as

if organisations work like machines and human factors are omitted, forgetting the fact that directing an organisation implies many more complexities than controlling a machine.

In other standpoint, these two approaches are in many aspects the opposite because of the origin of both tools. U.S. and France are two countries that have dissimilar ideologies, when it comes to society principles and values. Meanwhile in the U.S., it is believed that management devices are essential to create hierarchy, legitimacy and a sense of certainty, in France, social hierarchy, legitimacy and obedience are part of the culture education and honour, not a result of management instruments (Bourguignon *et al.*, 2004).

2.3.3. Implementation of a BSC

There are several processes of implementing a BSC, equally valid and applicable. All organisations have single characteristics and, as so, can decide how to implement a BSC in their own method (Malmi, 2001; Speckbacher *et al.*, 2003; Northcott and Taulapapa, 2012). When the objectives and purpose of a BSC are decided, the organisation must choose a responsible person to be the architect or project leader of the scorecard design and conception.

According to Kaplan and Norton (1996a), the traditional construction and implementation of a BSC, occurs under four phases, as it follows:

In the first phase, which is the *Measurement Program Architecture*, the architect needs to (1) select an appropriate organisation unit, and (2) identify the Strategic Business Units (SBU) and corporate linkages.

The second phase, which is *Define Strategic Objectives*, the architect needs to (3) conduct the first interviews, (4) elaborate a synthesis session, and (5) organise the first executive workshop.

The third phase, which is *Select Strategic Measures*, the architect needs to (6) arrange subgroup meetings, and (7) organise the second executive workshop.

The fourth phase, which is *Build Implementation Plan*, the architect needs to (8) develop an implementation plan, (9) organise the third executive workshop, and (10) finalise the implementation plan.

In a different outlook, based on an investigation in German-speaking countries, Speckbacher *et al.* (2003) introduced a new theoretical framework about three different types of implemented BSCs:

The Type I BSC shows a multidimensional structure for strategic performance measurement that gathers financial and non-financial indicators.

The second, Type II BSC is a Type I BSC that in addition uses cause-effect relationships in its strategies.

And the final, Type III BSC is a Type II BSC added with objectives, action plans, results, and incentives. These authors confirmed, within their study, that organisations, which adopted the Type III BSC are more pleased with the BSC approach than the ones which adopted a plain BSC less developed.

Over the years, companies struggled to maintain a competent BSC by only having access to Excel or PowerPoint tools. With this, a Finnish firm, called QPR Software, created a software system able to ease the complex task of data collection, processing, analysis and visualisation in a BSC (William and Steinbart, 2005; Kazi *et al.*, 2011).

Virtanen (2009) exhibits the implementation of this model in five phases: (i) *Model synthesis*, (ii) *Technical implementation*, (iii) *Organisational integration*, (iv) *Technical integration*, and (v) *Operation*.

(i) In the first phase one can find two main assignments: align the organisation vision into strategies and quantify the strategies into measures or Key Performance Indicators (KPIs).

(ii) The technical implementation starts when the scorecard begins to be constructed. This implementation already began in the previous phase by defining data like the vision, the strategies and the measures, among others.

(iii) This phase purpose is to guarantee that the BSC is integrated within all organisation's processes and communicated to all the employees of an organisation.

(iv) The technical integration can be performed at the same time as the organisation integration. This phase aims to decrease the effort required to gather data by integrating the BSC in operational IT systems, data bases and data warehouses.

(v) The BSC becomes a useful tool in the daily operational activities by helping managers to better understand what leads their business and to better recognise the cause-effect relationships between the performance drivers.

William and Steinbart (2005) proved that BSC software services, through the design of supplementary information displays, improve consistency between performance evaluation and decision making in organisations. The QPR Scorecard delivers tools that permit the BCS user to generate a range of tabular and graphical displays, and, simultaneously, improve the decision quality and effectiveness.

2.3.3.1. Implementation in Hybrid Organisations

As argued earlier (see sub-section 2.1), social hybrid organisations are market-oriented, mission-driven and can take two forms. The non-profit that in the greatest hybrid case consists of substantially “*non-for-profit organisations with income-generating activities*”, and the for-profit, i.e., social enterprises, that are “*corporations practicing social responsibility*” (Ponte *et al.*, 2017: 197). In hybrids, the purpose of producing financial value for shareholders or investors is related to the fact of accomplishing a social mission. Moreover, the financial derivatives are viewed as a form of ensuring future investments and a long-term survival support, rather than a finality to be reached (Galera and Borzaga, 2009; Ponte *et al.*, 2017).

Selecting the right instrument to evaluate the performance of a hybrid organisation is a complex decision. Organisations should discuss with its stakeholders the best measurement tool to evaluate their performance, according to their specifics and individual information. Furthermore, it has been proved that paying attention to stakeholders’ needs increases the success of controlling the organisational actions and outcomes (Hansen and Schaltegger, 2016; Costa and Pesci, 2016).

Kaplan and Norton (2001b) started to say that applying a BSC to non-profit and government organisations (NPGOs) can be significantly tough, as these organisations have difficulties in defining their strategy. They further said that NPGOs can be one step ahead of other type of organisations in building strategy and competitive advantage in more fields than just distinctive operational performance. However, it requires vision and leadership to systematically improve the existing processes, and to innovate the thinking on processes that are crucial for achieving the mission.

The same authors highlight that the BSC of a NPGOs involves a slightly different design. Per example, the customer perspective should consider two distinct roles, the donor perspective and the recipient receptor, once it is complex to define the customer as the one who is paying for the service or the one who is receiving the actual service. Other situation that should be reviewed carefully is the ultimate objective of the scorecard, which must represent a long-term goal, such as improvements in the environment or in the illiteracy, per instance; this means that financial measures lose some relevance in whether organisations are carrying well on their mission.

Nowadays, recent studies approach new flexible versions of the original BSC, as the Sustainability Balanced Scorecard, which is an innovative promising tool resulted from adjustments to the original BSC that uses sustainability-oriented objectives and performance

measures. Scholars and researchers are expectant about the combination of traditional strategic management with corporate sustainability management, as it unites economic, environmental and social matters in only one resourceful system (Figge *et al.*, 2002).

Although there is a wide range of literature review about the sustainability BSC architecture, Hansen and Schaltegger (2016) suggest a generic scorecard contemplating two dimensions. The first dimension highlights the BSC hierarchy design considering the cause-effect relationships, and the relation of financial results with performance perspectives and strategic objectives. The design (strictly, semi- or non-hierarchical architecture) varies from the nature and value system, i.e., profit, care or systemic-driven organisations. The second dimension integrates, partly or fully, the sustainability-related strategic objectives in the performance perspectives, and shows in what level (add-on, integration or extension).

Ponte *et al.* (2017) described three approaches resulted from the scorecard mapping that a scholar can adopt in their framework. The first, *thematic BSC*, is a descendent social model that emphasises social responsibility areas. A criticism to this model is the fact that it must be built in parallel to the original BSC. The second combines social and environmental characteristics in the original BSC structure, analysing critical success factors in a CSR viewpoint or, oppositely, in a traditional viewpoint. The third introduces, at the base of the model, a new layer to the standard four-perspectives of the BSC. This last approach has the convenience of involving the traditional four perspectives to new social responsibility perspectives.

2.3.4. Criticisms of the BSC Approach

Since its release, the BSC has involved many scholars and observation in literature. The creation of the BSC was originally to exploit the performance efficiency of organisations as a strategic measurement and management instrument. However, Kaplan and Norton have collected many criticisms (Chang, 2007).

2.3.4.1. Cause-effect relationships

The Balanced Scorecard comprises false assumptions about cause-effect relationships between processes, outcome measures and perspectives. When there is an association of two variables, we cannot jump to the conclusion of a casual relation between these, but a logical relation. In other words, customer satisfaction does not mean good financial performance (Nørreklit and Mitchell, 2007). Nørreklit (2000) also criticises the relation between the four perspectives, once it comes to a relation of interdependence, instead of causality as Norton and Kaplan argued. One example is the fact that investments in innovation are reliant of decent financial results,

and the other way around, the financial perspective depends also on the learning and growth perspective to prosper. Therefore, it might be tricky for executives to perceive if the development made in middle perspectives has contributed to final aims.

2.3.4.2. Stakeholders consideration

In the stakeholder view, Atkinson *et al.* (1997) and Atkinson (2006) enhance the inconsistency of the BSC, once it regularly flops to address interests and needs amongst competitors, suppliers, employees, community and regulator contributions. In fact, the author argues the traditional BSC is biased towards shareholders.

Likewise, Nørreklit (2000), Nørreklit and Mitchell (2007) identified external and internal stakeholders who were left out of BSC. External stakeholders left behind include suppliers, public authorities, competitors, institutional entities, and technological developments. Otherwise speaking, the BSC does not consider strategic uncertainties, that is, the external risks implicit in the organisation's environment that may threaten an existing strategy. Regarding internal stakeholders, these authors reinforce that the implementation of a BSC must be agreed and accepted by all employees, from managers to staff members. Due to the hierarchical and top-down structure of the BSC, employees often find motivation in external variables external themselves, such as orders, rewards and incentives. Instead, employees should hold an inner commitment, by being autonomously active and problem-solving individuals.

2.3.4.3. Implementation problems

Concerning the implementation, BSC users often failed understanding and implementing cause-effect relationships between the strategy and indicators (Malmi, 2001; Speckbacher *et al.*, 2003). Furthermore, Malmi (2001) found in his study that companies were not linking performance measures to strategies and were instead using the BSC only as an information system to help managers achieving their goals.

Kraus and Lind (2010) found that the implementation of the BSC had a meaningful emphasis in financial measures, while the non-financial measures had little importance. In addition, the author realised that the incentives of business managers were mostly based on financial indicators. In the investigations of Malmi (2001), and Davis and Albright (2004) there was also an evident absence of reward and incentives systems that could recognise the performance of each individual in the BSC execution.

Communication and management control play a crucial role, along all departments of an organisation, to successfully implement an effective BSC (Atkinson, 2006). Malina and Selto

(2001) found, within their study, that the main problems of designing and implementing a BSC were related to the selection of measures (that were too improper or vague), communication about the BSC (hierarchical way and not participative), and inappropriate use of benchmarks for evaluation. These aspects are mainly at the root of the tensions and conflicts between hierarchical levels.

Yet, in order to adopt contemporary practices of organisational management, like the BSC, professionals must be open to change. Considering the difficulties in introducing the BSC in different organisations, Kasurinen (2002) developed a deeper version of Cobb *et al.* (1995) accounting change model and proposed one that offers an attainable method to seek the background of change. In order to facilitate organisations to understand this change necessity and context, the author identified three barriers that were subcategorised as *confusers*, which are individual barriers within an organisation like diverging goals, *frustrators*, which are a broader organisational occurrence such as cultural barriers, and *delayers*, which are problems from the technical and impermanent nature that delay the implementation of a BSC. Moreover, Cobb *et al.* (1995) and Kasurinen (2002) referred the leadership of managers and the prospect of continuous change “*as momentum*” as highly influences that impact the occurrence of the change process. Pimentel and Major (2009) strengthen Kasurinen (2002) framework, as these authors could prove, in a real Portuguese case, the identification of advancing forces of change and barriers to change that were essential to successfully implement management accounting change in the company.

Other implementation criticism is inherent to public organisations, once the public sector has a different political circumstance and face several institutional pressures (Northcott and Taulapapa, 2012). Some external factors that explain the non-implementation of the BSC in public organisations include insufficient information systems, lack of financial investment by the board management, and absence of time. When it comes to unsuccessful implementation, lack of employee incentives, indecision about the selection of appropriate indicators, and organisational resistance to transformation, are between the reasons. However, the BSC itself brings intricacies. In practice, fitting the BSC in the public sector is far from uncomplicated, since Kaplan and Norton also stated that the selection of measures should be restricted and focused only in essential data to the implementation of strategic tactics. As public organisations have many objectives, indicators and complexities to consider, it is challenging to integrate evident causal relationships between numerous objectives and suitable indicators in a standard Balanced Scorecard (Chang, 2007; Northcott and Taulapapa, 2012).

The implementation of a BSC in non-profit organisations based in the primary model with four perspectives suggested by Kaplan and Norton absences utility as well. It is questionable if the BSC traditional model is sufficient and efficient to all cores and sizes of business, yet many argue that this framework must suffer flexible adaptations from its original model, in order to become more unlimited (Johanson *et al.*, 2006).

On the other hand, the recent framing of Sustainability BSC has been partially criticised. Hansen and Schaltegger (2016) proposed the architecture of this BSC, which could display the maturity of value systems and the impulsion of sustainability strategies. Hahn and Figge (2018) contested this study and declared the Sustainability BSC as the major fallacy for the attempt of shifting the corporate segment in the direction of more sustainability. Accordingly, this approach can be an adequate tool for those businesses that are driven by sustainable strategies, nevertheless, it is very dubious whether it is an effective tool capable of transforming and driving for-profit firms with rooted strategies and strong profit goals toward sustainability. Along their study these authors often conclude that the Sustainability BSC plays a key role in helping organisations to align sustainable issues with financial results, but it cannot make organisations to review their strategies toward the challenges that sustainability obliges.

2.3.5. Future Expectations

In the present and future days, decentralisation and empowerment seem to be essential to the triumph of businesses and its units. Certainly, the BSC helps business units to gain superior autonomy and, consequently, superior organisational performance (Geuser *et al.*, 2009). Indeed, the BSC is an approach that can open many doors for future management control systems, to overcome improvidence and to defeat the lack of attention in intangible resources (Johanson *et al.*, 2006).

Even when implemented in public institutions, such as universities, Hladchenko (2015) believe, based on his study in four higher education institutions, that the BSC is a promising tool, which delivers an effective measurement of organisational performance and guarantees an efficient implementation of strategies. In order to expose the strategic objectives that universities aim to achieve, the author adds that the BSC can be a communication method that can reach besides the academia, other stakeholders, namely society and labour market.

Until another revolutionary tool is created, the BSC will remain to deliver organisations a suitable choice as a strategy map, an activator of policy execution, and a management control and accountability instrument. Kaplan (2009) recommends future researchers to deeper

investigate strategy maps, operational management and organisational leadership (Hoque, 2014).

To end this chapter, organisations should keep in mind that implementing a BSC requires balance “*between different perspectives, and between financial and non-financial measures; between short- and long-term perspectives; between satisfying individuals’ need for freedom and «love» and compromising on commonly accepted goals and norms in the organisation; between aligning people with strategy and inviting people to assist in devising the strategy; between reflection and action; and between focusing on input and output factors*” (Johanson *et al.*, 2006: 853).

CHAPTER III – METHODOLOGY

With a focus on becoming an agent of change and helping to develop new practices (Major and Vieira, 2017), this project intends to discover new potentialities of the BSC side by side with its application in hybrid organisations, exploring the great advantages and learnings that this symbiosis can result. Hereupon, it is proposed to answer the research question ‘How to design and implement a BSC in a social hybrid organisation?’.

3.1. Methodology and Research Method

In the present dissertation, a qualitative methodology was chosen, embracing an interventionist orientation (IVR), as it is sought to design a BSC to be implemented in Manuel Francisco dos Santos Foundation, which may help the management board to achieve its mission and objectives (cf. Baard and Dumay, 2018).

An interventionist research is defined by being a methodology based on case study research, through which researchers analyse and intervene directly with managers in organisations in order to solve actual issues, by designing and implementing solutions from both theoretical and practice sights (Dumay and Baard, 2017). Interventionist research is regularly linked to management accounting because it is a subject applied to practice and it is increasingly present in demanding accounting and business information systems research. In addition, when applied to management accounting, it uses a longitudinal case study approach, once it is intended to fix real-word problems instead just observing and interviewing managers coping with difficulties (Baard and Dumay, 2018).

In interventionist research, the difference between the *emic* and the *etic* is important. The *emic* perspective refers to analysing human behaviour from inside the system, where the researcher becomes an ‘insider’ and is perceived as a skilled and reliable member of the problem’s fieldwork. On the other hand, the *etic* perspective refers to studying it from the outside, where the researcher should relate his/her findings to theoretical frames and should not underestimate the significance of this perspective in order to obtain a more balanced and valid research (Jönsson and Lukka; 2007; Suomala *et al.*, 2014).

One of the main reasons to adopt an interventionist research is the fact that it promotes change (Suomala *et al.*, 2014). Change, whether organisational or social, infers an adjustment to organisational mechanisms, once it may boost positive modifications and generate emancipatory prospects in several scopes such as the structure, culture, people or technology of an organisation. Hence, “*interventionists and their intervention(s) are the instruments of*

change”, becoming the main components of this research. The researcher helps to increase the knowledge of all participants and becomes an important actor that advances community life and well-being in several real-life circumstances, whether in organisations or not (Baard and Dumay, 2018; 7).

In this research process, the researcher faces a ‘facilitator’ role. The researcher works with internal collaborators of the organisation in order to understand and address the subject under research, aiming to facilitate information gathering and discussion. By introducing a new system/procedure in the organisation, the researcher has an interventionist impact upon those who are the subject of the research (Ryan *et al.*, 2002).

As stated by Major and Vieira’s (2017), the most appropriate research method is chosen according to the methodology selected once it influences the evidence to be collected as well as how a researcher gathers and analyses it. Given the fact that a specific organisation is studied and given the fact that to design a BSC in FFMS the researcher had to consider the organisation in its context, embracing a holistic perspective, the method of case study has been adopted.

According to Yin (2014: 14), a case study is the most appropriate research method “*when a «how» or «why» question is being asked about a contemporary set of events, over which a researcher has little or no control*”. The author further comments the suitability of this method to investigate a present-day phenomenon within a realistic context, particularly when the boundaries between the phenomenon and context are not clear. The case study addressed in this thesis fits perfectly with this author's argument. It is intended to understand how can a BSC be applied in the case of hybrid organisations, being that the researcher has little control over the situation and being that the application of a BSC in a hybrid organisation is an innovative proposal still little explored. In the specific instance of FFMS, this application is as well a pioneering initiative, which is scarcely tapped in the Foundation.

A case study can be applied in different ways in accounting research. Although the list is extensive, it is possible to identify five main types of case studies, particularly in accounting research: descriptive case studies, illustrative case studies, experimental case studies, exploratory case studies and explanatory case studies (Ryan *et al.*, 2002; Scapens, 2004).

With that being said, the research method used in this dissertation is an experimental case study, since it is aimed to study the design and use of a MCS in hybrid organisational models, thence helping managers in articulating, communicating and controlling strategic objectives. Through both involving design, implementation and experimental validation, the design process of this BSC, in a real experiment, aims to prove that this method, originally handled by big corporations, is an optimal and feasible solution to hybrids organisations as well.

3.2. Process of the methodological work

As suggested by Scapens (2004) the steps adopted in this case study went through creating a research design, preparing to collect data, collecting evidence, assessing evidence, identifying and explaining patterns and writing up a case study research.

Preparation

Considering the existing research literature, the identification of the research question ('How to design and implement a BSC in a hybrid organisation?') moulded the research design, including the methodology and the research method.

Given the specification of this research question, the methodology is qualitative (comprising an interventionist orientation), the type of research method is an experimental case study (comprising a holistic perspective) and the extent of the researcher role is facilitator.

Here, prior literature related to 'hybrid organisations', 'management control systems' and 'balanced scorecards' was reviewed to determine the approach of the case study. In addition, complementary literature on 'interventionist research' and 'case study research' was introduced as the case proceeded and new literature about 'methodology in financial accounting' was settled, so that there was enough and flexible space for certain developments to take action.

Collecting evidence

The preliminary review of literature helped to collect the evidence needed in each occurrence.

In this case, the first source of evidence used was 'Document Analysis', analysing the Official Account and Activity Reports of FFMS from 2017 to 2019 available on the Foundation's website (see Appendix F). On a first stage, this analysis was important to know in detail the Foundation and its background.

The second source of evidence used was 'Interviews', inquiring three collaborators of the Foundation. The forms and script presented in Appendixes C, D and E characterise respectively the 3 interviews conducted.

The contact established with the Foundation, via e-mail, on 20th of April 2020, started with a consultation request, which was only answered on 28th of July 2020, by Rui Rocha (Digital Editor) and by Maria Boavida (Advisor to the President). In this first interaction the case study of the thesis was presented as well as the plan for collaboration along the process, with the type of assistance needed (interviews, document analysis and actions observation).

The Foundation was very receptive to the invitation, only requiring that all contacts be conducted via videoconference, telephone or e-mail, due to Covid19 Pandemic circumstances.

The Interview number 1, a semi-structured interview, took place in Microsoft Teams with João Tiago Gaspar (Investigation Team Coordinator) on 4th August 2020, with an average duration of 45 minutes and it was transcribed to the paper. This interview had a few predetermined questions regarding the mission, vision and values central to the Foundation while the rest of the topics flowed with the conversation.

The Interview number 2, a semi-structured interview, was conducted by Telephone with Rita Rosado (Projects Manager) on 18th November 2020, with an average duration of 60 minutes and it was fully recorded. This interview focused on the validation of the work carried out until that date, the selection of the information system to support the BSC and the presentation of possible strategic objectives, measures, targets, initiatives and strategic map. It ended with an exchange of feedback regarding the next steps.

The Interview number 3, a structured interview, took place in Microsoft Teams with Helena Bento (CEO of the Foundation) on 27th November 2020, with an average duration of 60 minutes and it was fully recorded. This interview was fundamental for the alignment of the Foundation's strategic axes alongside with a collection of advices from the Foundation's management board. There was a deep exchange of ideas on the refinement of the SWOT (Strengths, Weaknesses, Opportunities and Threats) and the BSC analysis, as well as a debate on the future plans of the Foundation. Lastly, the Foundation's CEO gave her final certification of the case study.

The third source of evidence was 'Actions Observation', in order to understand the dynamics of FFMS' events. Between 28th August 2020 and 13rd September 2020, the researcher attended a series of conferences from the project "Praça da Fundação" organised by the Foundation on a public well-known event called Feira do Livro, in Parque Eduardo VII, Lisbon. This event, which focused on several topics related to society, took place in a hybrid mode, i.e. in person and live on the foundation's website. It is still available on the Foundation's digital platforms (see link in Appendix F).

As the evidence collected should be recorded in an ordered manner, every formal evidence ('Interviews') was tape-recorded and word-processed. On the other hand, informal evidence ('Actions Observation') was also very important, such as the conferences' observation in the Foundation's event "*Praça da Fundação*".

Assessing evidence

At this stage, the interpretation of the researcher and her relation to the subject matter was an essential element to the explanations of the case.

Yet, in order to understand if the researcher employed appropriate and reliable research procedures, the ‘Procedural Reliability’ of the case was ensured by two independent and neutral observers, the thesis supervisors, and by three FFMS’ members from dissimilar positions and levels, João Tiago Gaspar (Investigation Team Coordinator), Rita Rosado (Projects Manager) and Helena Bento (CEO).

The ‘Contextual Validity’ of each evidence was assessed by comparing it to other kinds of evidence on the same field, and by using a data triangulation, that is a mixture of interviews with different collaborators, together with a combination of formal reports and observation in events.

The ‘Transferability’ was guaranteed by a diverse range of insights taken from other academic cases related to the implementation of BSCs, from inside ISCTE Business School and out.

Identifying and explaining patterns

As the case progressed, several patterns appeared, linking various themes and issues related to Balanced Scorecards. As new evidence was collected, these patterns served both to describe and explain facts.

This stage was particularly important to the construction design of the BSC, where the researcher draw several diagrams for the analysis of qualitative data. These diagrams were important pillars which empowered reflection, verification, conclusion drawing, and other analytic acts along the paper (Miles *et al.*, 2014).

Next, it is presented the first diagram-plan that shows the patterns discussed behind and which also can emerge in future cases related to the subject under research.



Figure 3.1: *Synopsis of qualitative data analysis* – Source: Made by the author considering Miles *et al.* (2014: 340)

The researcher defined the most appropriate and inspiring hybrid organisation (FFMS) to implement the BSC. The implementation of the model is more appropriate in organisations that want to cognise performance, beneficiaries, mission and services.

Following Miles *et al.* (2014) sourcebook, the nodes of Figure 3.1 are explained. Beginning at the top of the diagram, it is presented the influence of the conceptual framework and research questions. Both led to the instrumentation plan which corresponds to the sources of evidence used (‘Document Analysis’, ‘Interviews’ and ‘Actions Observation’). Once the plan was clear,

access to the Foundation's data started and data collection began. During this time, different collaborators of FFMS were contacted to monitor the project, in order to carry out the proposal and align expectations. Through the sources of evidence, internal information on the organisation's activities, mission, vision and strategy was gathered (see diagrams in Figures 4.1, 4.2 and 4.3).

The first experiences of data collection induced re-evaluation not only of instrumentation plan but also of conceptual framework itself. Initial processing of the data often led to interim summaries of various kinds, which also had effects back to the instrumentation approaches being taken as well as, more conceptually, to the framework and the research questions. Yet, the patterns served to find the right path and explain facts.

The initially coding scheme was influenced by the research questions, but it developed and iterated steadily as further coding is carried out, i.e. all interview transcripts were categorised into 'forms' in order to facilitate the interim analysis. The researcher started by transcribing the interviews that were recorded and in the first interview that was not recorded, she took note of all the answers that the interviewee gave. After transcribing, she divided each interview into themes giving them titles. By making this separation, it was possible to gather information from all interviews into forms, which facilitated the researcher to guide herself through the case study (Appendixes C, D and E).

The following move was into building a report format, where conclusions were drawn and verified. A consensus on the organisation's mission and strategy was reached. Subsequently, the researcher was able to suggest how the strategy and defined mission could serve the purpose of FFMS' beneficiaries, internal processes, growth and founders.

Based on the respondents' feedback, the researcher began to formulate a preliminary BSC, defining the SWOT (see diagram in Table 4.1) and CSFs (Critical Success Factors). The links between the SWOT and CSFs conducted to an extremely important output in this thesis, the strategic objectives (see diagram in Appendix A). After validating these topics with the Foundation, the researcher selected the measures, evaluated the targets and developed initiatives to materialise the proposal.

With the formal framework settled, an implementation plan was developed (Figure 4.5), to ensure that the Foundation's strategy is disseminated on a regular basis. These outputs resulted in the final report, the chapter IV "The Empirical Study". The diagram that summarises this case study, and the most important to be considered, is presented in Table 4.3.

It is important to remember that given to the relative recentness of hybrid organisations, the researcher took in count a set of boundaries, so that all explanations present in this thesis are flexible and capable of development in upcoming research.

Writing up case study research

The case study started with the construction of a data basis during the fieldwork, including writing proposals, research plans, interview schedules, among others.

Then, to better fit and implement the BSC in FFMS, the investigation proceeded with an internal and external diagnosis of the organisation, which enabled the writing of the Foundation's Organigram, Activities, Mission, Vision, Values, SWOT and CSFs. After that, based on the data and evidence collection, the case study proceeded with the writing of the strategic objectives, measures, targets and initiatives in each perspective, accompanied with the explanations of the Foundation's strategic map.

In a final stage, an implementation plan was written for the application of the BSC. Lastly, some closing considerations were written with the objective of enhancing the most important findings and implications for further research.

3.3. Design process of FFMS' BSC

As discussed before and mainly following the literature of Kaplan and Norton (1996a and 1996b), the Balanced Scorecard, in this specific case, needed to undergo some adaptations so that it was aligned with the type of organisation that the Foundation corresponds to. In this sense, the BSC presents its first perspective with the denomination of 'Customer Perspective', however this perspective ponders the beneficiary view (the ones receiving this public service) and the stakeholders view (the ones somehow related to the Foundation). On the other hand, the final objective of the scorecard, which characterises the long-term goal of the Foundation ('study the major national problems and bring them to the attention of Portuguese society'), made the design of scorecard a bit different.

As we can see on the strategic map (Figure 4.4), at the top it is positioned the 'Customer Perspective' (representing the reason why the Foundation was created), in the middle it is positioned the 'Internal Business Processes Perspective' (representing the internal conduct of the Foundation), and at the base are the two last perspectives that support the Foundation's strategy in its whole: the 'Learning and Growth Perspective' (representing the engine for future projects and long-term continuity) and the 'Financial Perspective' (representing the Foundation's financial fuel).

After the Foundation's management board was in accordance with the model, the information system, which support the BSC, was selected, namely the MS Excel. It was discussed that this system was the most user-friendly, so that the responsible entities can monitor the data and transmit it to their teams.

One really important aspect on the development of the Balanced Scorecard was the access to the organisation and its private information. The relationship with FFMS' members was necessary to guarantee the professionalism involved among the Foundation and the researcher. A consistency on the communication and number of contacts between the researcher and organisation's members was organised carefully.

All suggestions proposed in FFMS' BSC, are directed for the year 2021 and were certified by the CEO of FFMS. Lastly, this case study proposes to be a valuable contribution to prior research about Balanced Scorecards, but also proposes to bring innovative and important insights to social hybrid organisations.

CHAPTER IV – THE EMPIRICAL STUDY

4.1. Organisation Overview

Francisco Manuel dos Santos Foundation was created by Francisco Manuel dos Santos Society S.A., in 2009, the founders being Alexandre Soares dos Santos and his family, the only financiers of FFMS. The objective of the Foundation aims to fix a noticeable loophole in the Portuguese society related with the lack of solid data and careful research towards various problems, challenges and opportunities that the country faces daily. Thus, the Foundation publishes books and prepares studies on relevant topics, such as education, economics, justice or public policies. Furthermore, FFMS organises several public events, through various platforms, where national and international experts have the opportunity to deliberate and exchange opinions on numerous matters about Portugal and Europe.

In the first years of activity, FFMS was deeply committed to provide all Portuguese citizens the largest possible amount of information about the Portuguese society and its context on Europe. The Foundation highly defends that informed citizens are better capable of forming an independent and free opinion. Some of the permanent projects that the Foundation took the initiative and sponsored were “*PORDATA*”, “*Base de Dados Portugal Contemporâneo*” and the collection “*Ensaios da Fundação*”. These projects provide factual data, means of information, elements of study and reliable instruments, either of quantitative or qualitative character.

Over the years and now more than ever, due to the new circumstances caused by Covid19, FFMS became sincerely aware of new forms of communication, including documentaries, cinema, television and internet, in order to reach as many people as possible and continue the planned program of activities.

Based on the funding provided by the founders, who are the only source of funding of the Foundation, FFMS is a non-profit that does not generate revenue, that is, it performs its projects in service to the Portuguese population, consigning itself as a true public service. The Foundation stresses that is not responsible for replacing the state, political parties, universities, business groups or scientific/professional societies. Moreover, it preserves high standards of independence for doctrinal, political, economic, religious, professional and associative media, which is visible not only in the constitution of its governing bodies and operations, but also in the choice of projects and matters under investigation.

4.2. FFMS' Organigram

In this subsection, the FFMS Organogram is presented with the formal structure of the Foundation, i.e. the departments divided, organised and coordinated.

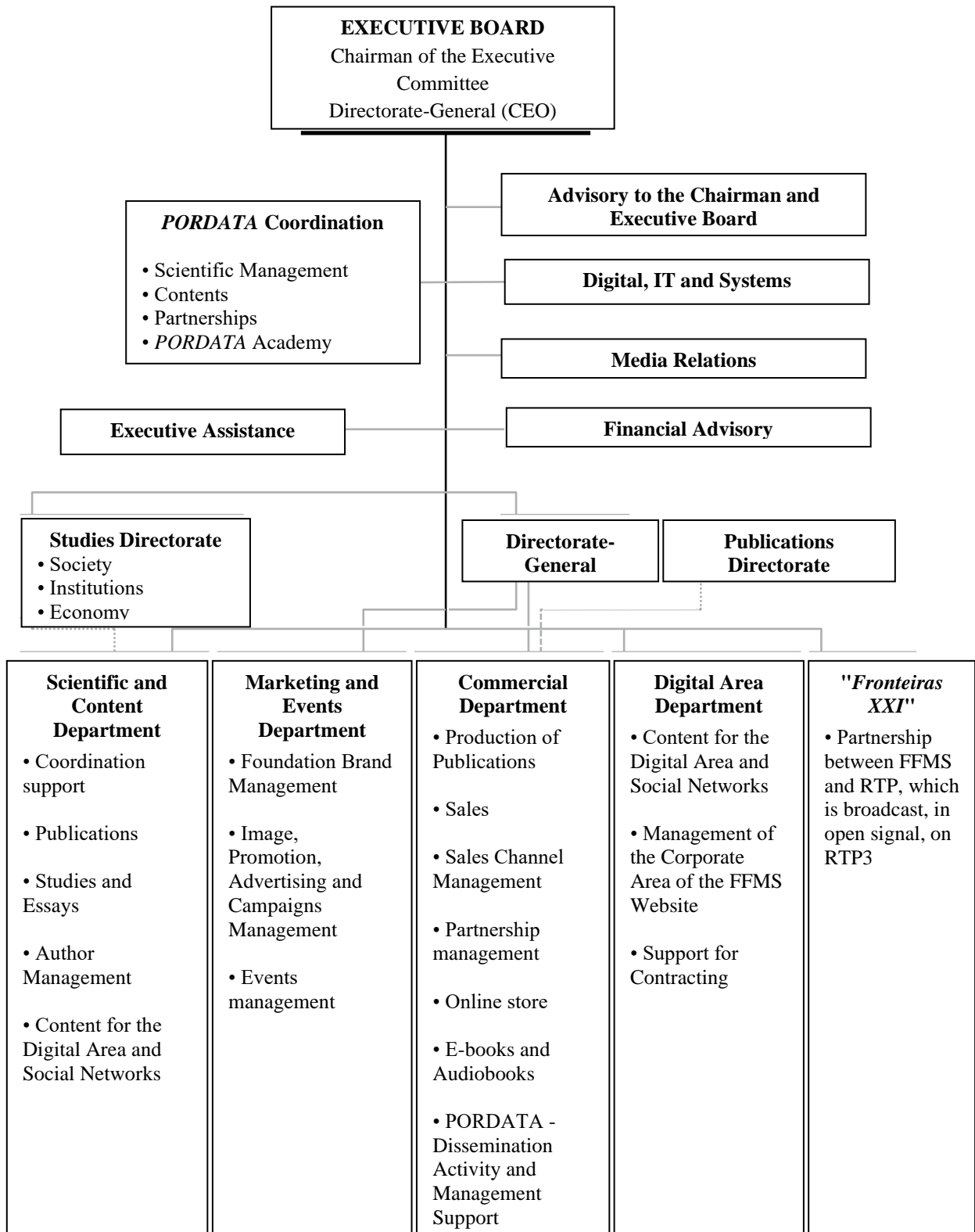


Figure 4.1: Organigram of FFMS – Adapted by the author based on FFMS' 2019 Activities Report

At the top of the Organisation Chart (see Figure 4.1) is the Executive Board, which is the entity that supervises the core of the Foundation and is advised by the Advisory to the Chairman and Executive Board. The Foundation is composed by several departments including the Scientific and Content department, Marketing and Events department, Commercial department, Digital Area department and "Fronteiras XXI" department. In the administration of these departments there is the Publications Directorate, the Studies Directorate, the Media Relations, the Financial Advisory, the PORDATA Coordination and the Executive Assistance.

4.3. Diagnosis of FFMS

The diagnosis of FFMS involves the internal and external analysis of the Foundation, which will enable, within the BSC, to eliminate its weaknesses, as well as transform threats into new opportunities.

4.3.1. Main Activities

The main purpose of FFMS is to study the Portuguese society and promote the public debate, where the main activities of the last 10 years are summarised in Figure 4.2.

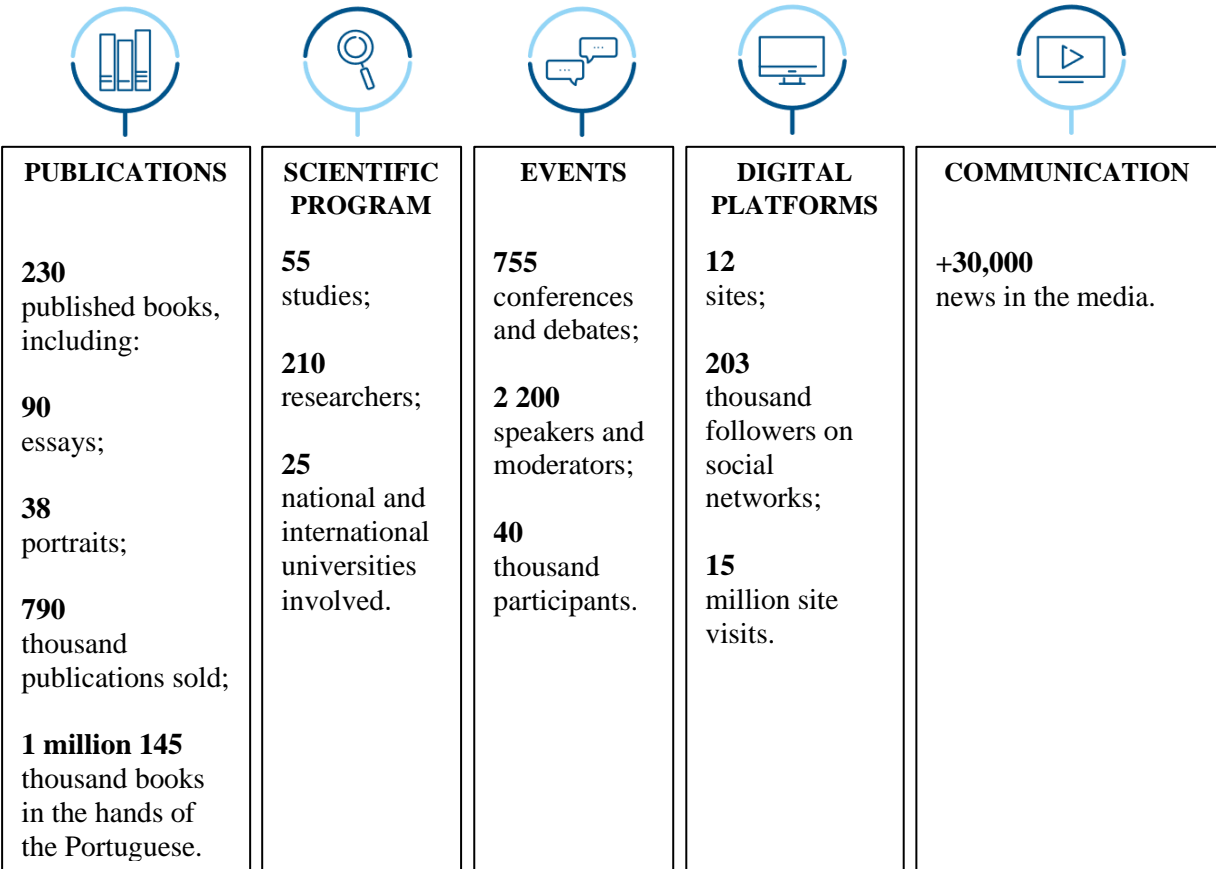


Figure 4.2: Main activities of the last 10 years – Adapted by the author based on FFMS’ 2019

4.3.2. Mission, Vision and Values

Within the scope of this work, the following three items were framed and reviewed by the Foundation's management board.

Mission, determined by the Foundation's board:

“To study, disseminate and debate the Portuguese reality, with freedom and independence, in order to contribute to the development of society, the reinforcement of citizens' rights and the improvement of public institutions”.

Vision, proposed by the researcher:

“Become a national information pillar of great reference and trust, in the effort to solve society's major hindrances, for the benefit of all Portuguese and future generations”.

Values, named by the Foundation's board and defined by the researcher:

“Democracy”: Encouraging public debates about societal matters including all citizens.

“Freedom”: Advocating the right to act, speak, or think as one wants.

“Equal opportunities”: Fostering parity and fairness where individuals are handled similarly.

“Merit”: Boosting excellence and commendable quality in all processes and offers.

“Pluralism”: Promoting diversity of opinions, races, classes, religions and backgrounds.

4.3.3. SWOT

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and so the SWOT Analysis is the technique that will assess these four aspects of FFMS. Strengths and Weaknesses are internal to FFMS, which the Foundation has some control over or can change. Differently, Opportunities and Threats are external to FFMS, which the Foundation can take advantage or protect itself, but it cannot change them.

The following SWOT was designed under a data-driven look at the Foundation's official reports and activities, side by side to the insights given by the Foundation's management board.

Strengths:	Weaknesses:
Digital savvy; Stable source of finances; Strong mission and proposition; Willingness to meet the needs of society; Highly established positive reputation; Free provision of data; Solid relationships with collaborators.	Need for expertise in the digital field; Scarce interaction with younger generations; Inexistence of organisations with the same mission; Reprogramming of activities due to Covid19.
Opportunities:	Threats:
Support from the audience; Concern for environmental and social causes; Innovation and technology developments; Support from the media; Increasing partnerships and networking environment; Recognition towards national and international community.	Challenge due to Covid19; Changing regulatory environment; Portugal's side effects; Increasing IT security threat; Lack of an integrated management system exclusively for hybrid organisations.

Table 4.1: *SWOT of FFMS* – Made by the author within the scope of the thesis

The specification of each topic of the SWOT (Table 4.1) is presented below.

Strengths

- **Digital savvy:** The digital medium is used as a key instrument in the Foundation's mission. All activities and studies are available online to provide access to all citizens, either through social networks, websites or databases such as *PORDATA*.
- **Stable source of finances:** Its funders provide a stable and reliable source of term finance, resulting in stability to the implementation of proposed projects and maintenance of the Foundation.
- **Strong mission and proposition:** FFMS proposes to think, study and contribute to a better knowledge of the Portuguese reality. It has a strong commitment towards social responsibility, taking as priority Portuguese and future generations.
- **Willingness to meet the needs of society:** Since the beginning of its activity, FFMS mobilises support to meet Portugal's pressing needs, through promoting a more active involvement of civil society towards reflecting and solving national problems.
- **Highly established positive reputation:** Over the years, FFMS established a well-known reputation within its reach, for always ensuring a high degree of rigor and reasoning in the object of its studies, allied to the fact that it attends a greater good.
- **Free provision of data:** The Foundation ambitions to spread the results of its studies as widely as possible in society, in a free and unrestricted way. To accomplish this, an important part of its resources is dedicated to the dissemination and arrangement of public discussions.
- **Solid relationships with collaborators:** The Foundation created a prodigious community around itself, with the reciprocal goal of sharing experiences and knowledge that may broaden each one's horizons. All collaborators are viewed as key partners, who help the Foundation to overcome obstacles, evaluate progress and celebrate success.

Weaknesses

- **Need for expertise in the digital field:** The digital mean is one of the major stakes that the Foundation wants to gain dexterity. The Foundation has already started this investment but it is a developing area to take into account, alongside investing this skill in internal collaborators.
- **Scarce interaction with younger generations:** Young generations should be more involved in the Foundation's initiatives, once the youngest can contribute so much with their better education and broad mind, not to mention that they are the easiest link to convey information to future generations.
- **Inexistence of organisations with the same mission:** On one hand, being a unique organisation with a single mission is a in favour characteristic. On the other hand, having a matching organisation where there is a common mission, which identifies mutual boundaries and helps to meet challenges, can be noteworthy to achieve mission advancement.
- **Reprogramming of activities due to Covid19:** The challenge triggered by the outbreak of Covid19 led the Foundation to reprogram itself in order to respond in a timely manner to its initiatives, projects and events. FFMS had the hurdle to re-adapt itself accordingly to the regulations that are banning large gatherings of people, including debates and conferences. However, through betting on the digital, what would initially be a challenge has become a current opportunity.

Opportunities

- **Support from the audience:** With the growing curiosity of the public, the social hybrid organisations' ecosystem is gaining great attention from spectators, who are increasingly committed to support global needs in a long-term, flexible and responsive way.
- **Concern for environmental and social causes:** There are more and more entrepreneurs who aspire to achieve both environmental, social and economic goals and, therefore, there are more hybrid organisations. The emerging adoption of a healthy and conscious lifestyle also makes entrepreneurs more aware of the importance of hybrids.
- **Innovation and technology developments:** The innovation and technology developments result in incremental opportunities for entrepreneurs to find new forms of sustainable organisations, use new applications, replace materials, implement new internal processes, spread awareness and adopt more efficient resources.
- **Support from the media:** The media is progressively supporting causes of greater good. Indeed, the media has a major role in helping hybrid organisations to transmit missions, to incite sustainable attitudes and to make society take actions.
- **Increasing partnerships and networking environment:** Synergies and interactions between different organisations, which do not have the same mission or purpose, are increasingly happening under different circumstances. This phenomenon can support hybrids, like FFMS, to form a network of different and reliable partners available to help resolving problems, expanding reach, meeting challenges and creating new opportunities.
- **Recognition towards national and international community:** The hybrid organisational reality has gaining recognition all over the world, which confirms that hybrid efforts are being valued by others and thus motivates to keep or improve the good work that has been done in this field.

Threats

- **Challenge due to Covid19:** The extent of Covid19 pandemic has intensified the challenge faced by organisations. Managers and entrepreneurs are now experiencing unparalleled levels of disruption in their communities, homes and jobs. The world's economy is being affected and organisations must be especially aware and prepared for rapid reaction. On the other side, this threat can definitely become an opportunity if entrepreneurs are agile enough to turn the situation around.
- **Changing regulatory environment:** Frequently, regulatory arrangements have come at a cost that surpasses their conveniences. The changing environment of regulations have been an alarming factor to hybrid organisations, since not being updated of such changes can result in large penalties and potential legal issues.
- **Portugal's side effects:** Portugal, despite being a developed country, still has some institutional, social and economic shortages, which can create obstacles to the evolution of hybrid organisations. For instance, the high tax burden experienced, or the country's economic instability can lead to failure or unsuccess.
- **Increasing IT security threat:** Many organisations use the digital medium in their operations and with the increase of IT applications, there is also an increase of cybercrime, that results in a wide range of malicious activity against organisations' computer systems, such as viruses.
- **Lack of an integrated management system exclusively for hybrid organisations:** Until the date, an integrated management system has never been designed exclusively for hybrid organisations. This pressing need is vital to enable organisations, such as FFMS, to work as a single unit with unified objectives, with performance assessment and with strategic planning.

4.3.4. Critical Success Factors

The identification of CSFs also helps to define the key strategies to be implemented and, ultimately, to fulfil the Foundation's mission. Thereby, the critical success factors of FFMS, relatively to its surroundings and insights, are the following:

- **Digital mindset:** Having the ability to use technology is a great advantage already once it helps the Foundation to access and deliver information more quickly. However, owning a digital mindset is also about encouraging attitudes and behaviours that influence FFMS' collaborators to forecast possibilities of the digital era.
- **Prone to innovation:** The receptivity and exploitation of innovative ideas is essential to the Foundation's workplace once it improves its methods, intensifies its efficiency, generates new services and leads to greater chances.
- **Participation between all collaborators:** The involvement of all FFMS' collaborators in the decision-making process of an idea, initiative or project conducts to empowerment and shared ownership, resulting in the concretisation of veritable needs and priorities.
- **Quality control systems:** Adopting quality control systems not only induces improvements in the monitoring of processes, but it also reduces costs, increases levels of productivity, saves time and exceeds beneficiaries' expectations. Shortly, it helps to deliver a high-quality service able to fully satisfy all parties.
- **Top talent attraction and retention:** A competent, flexible and interested employee is the reflection of the Foundation's success. Attracting and retaining the right talent helps to improve confidence and credibility, rise overall yield and avoid high costs with employee turnover.
- **Able to mobilise and inspire others:** One of the main goals of the Foundation is to foment active intervention and combat inertia among citizens. To accomplish this, the Foundation must succeed, through its different projects, in arranging mechanisms that are able to reach a large number of people and encourage them to take action.

- **Mission-wide clarity on target' needs:** The mission of the Foundation has to be clear on the purpose of its existence, ensuring a real commitment with the beneficiaries' necessities. Otherwise, the likelihood of "mission drift" increases and it becomes a hurdle difficult to get out.
- **Reliability of data, projects and overall offers:** The academic and scientific accuracy of FFMS' information is partly its key of success. A regular treatment and control of data cannot fall by the wayside, especially when the Foundation's service presents itself for being a vast source of information, available in real time and under different formats.
- **Competent use of financial resources:** The financial advisory needs to manage efficiently its resources in order to obtain accurate financial evidence, to set valid budgets per project, to monitor costs gradually and to forecast periods when there is a higher financial effort (due to new investments while ensuring fixed expenses).

4.3.5. Strategic axes of FFMS

While the CSFs define the essential aspects for the functioning of an organisation, the strategic axes define the cornerstones for the existence of the same. The 3rd interviewee, the CEO of the foundation, mentioned the following strategic axes (Figure 4.3).

Innovation is part of an ongoing tactic in FFMS, because the biggest challenge of the Foundation is to transform scientific rigorous studies in an accessible and comprehensive language for the whole society. The Foundation wants to convey that everyone is able to debate on the most complex topics, and for that to happen the Foundation seeks to bring lightness in its publications.

Since the Foundation does not have a fixed office like many organisations, the Foundation wants to use the digital medium as its main means of contact, so that it represents a "*home where everyone can enter, whenever they want and, in the room (web page), they want*".

One of the Foundation's strongest strategies is the background of its collaborators, i.e. having employees who come from businesses and who are able to maintain an absolute rigor in the funds' application. The management of the Foundation is carried out in a highly professional manner and management control is ensured in all departments.

Finally, "*completing the place of its founder*" is the legacy of the Foundation's future plan.

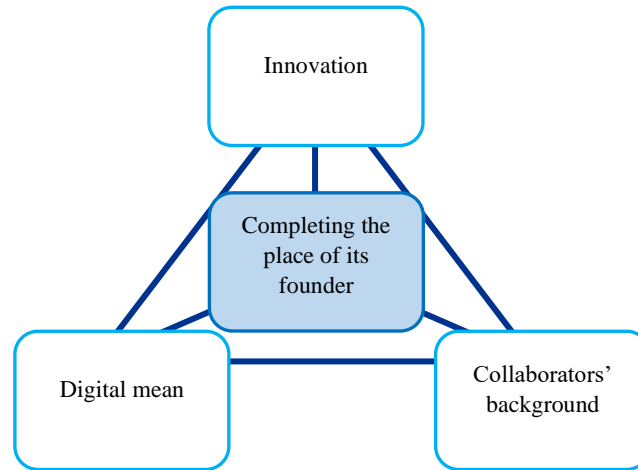


Figure 4.3: *Strategic axes of FFMS* – Made by the author within the scope of the thesis

4.4. Implementation of the BSC in FFMS

The Balanced Scorecard will help FFMS to ascertain how it is raising value to the community because it measures the impact between the Foundation’s objectives, activities and results.

The implementation of the BSC, besides measuring the performance, will empower FFMS to improve the organisation’s strategy, set measurable goals, and design a timetable for execution. Additionally, FFMS will no longer need to forecast which projects, events and services are valuable to the Foundation, since they will have substantial evidence to validate their decisions.

Since the Foundation has no commercial purpose, this BSC was partially adapted accordingly to FFMS’ nature, where the Customer Perspective comes at first and is directed to the Foundation’s beneficiaries and stakeholders. The Financial Perspective is presented last and is merely consigned to sustain the Foundation’s operations, having no profit goal allied.

Below are presented the strategic objectives, measures, targets and initiatives used in the construction of the FFMS’ BSC.

4.4.1. Strategic Objectives

In line with FFMS' internal and external diagnosis, the table in Appendix A (“Link of SWOT and CSF analysis with Strategic Objectives”) presents the connections between the SWOT and CSF analysis, behind established, with the definition of the strategic objectives, explained ahead. It was through these links that each strategic objective was built and defined.

For example, the first strategic objective "Innovate the foundation's approach" was designed considering that it was going to support the strengths "Digital savvy", "Willingness to meet the needs of society" and "Free provision of data"; suppress the weakness "Need for expertise in the digital field"; avail the opportunity "Innovation and technology developments"; diminish the threat "Portugal's side effects"; meet the CSFs "Digital mindset" and "Prone to innovation". The remaining strategic objectives were constructed by the same method.

The specification of each strategic objective is presented below.

Customer Perspective

- **C1 – Innovate the Foundation's approach**

Besides the quality acknowledged in FFMS services, the conquered (and potential) public is also evaluating the contact and relationship established. FFMS has already gained an excellent reputation in the community, however it is important to constantly innovate its approach in order to stand out in the long run and retain existing citizens.

- **C2 – Broaden to new targets**

The attraction and retention of new targets is the key point for increasing the volume of activity and success of any organisation. In the case of FFMS, it is suggested to start reaching a younger target group, once this target can raise awareness on current issues and reach easily (better-informed) future generations.

- **C3 - Extend the level of stakeholders' satisfaction**

A non-profit like FFMS intends to distribute value to all stakeholders, and not only its target audience. FFMS deals with several stakeholders such as public (Portuguese and foreign), employees, suppliers, founders, companies, public institutions, partner entities, scientific community, media, labour unions, debate guests, teachers, students, among others. Increasing stakeholders' satisfaction is increasing the Foundation's sustainable growth and success.

Internal Business Processes Perspective

- **I1 – Settle significant partnerships**

Partnerships are only worthwhile if they are significant. The careful choice of partnerships (like the media) results in strengthening programs, improving services, leadership skills, organisational efficiency and effectiveness, and broader social and change systems. In addition, it helps FFMS to remain modern as well as its mission.

- **I2 – Guarantee organisational efficiency**

It is important to evaluate how FFMS works with its employees, in order to understand if the mission carried out is well perceived by all collaborators and delivered correctly to all publics. In addition, the aim of this objective is to create procedures that ensure the execution of deadlines established and the monitoring of projects.

- **I3 - Provide the best service**

FFMS must guarantee the quality/reliability of data and activities offered. Even if FFMS is not involved in direct economic competition, there is indirect substantial competition which can affect the achievement of the Foundation, for example there is competition for accreditation, media or qualified employees.

- **I4 – Analyse relevance of themes and projects**

When choosing wisely its content and propositions, FFMS can satisfy the needs of current beneficiaries and boost the acquisition of new ones (youngsters or emigrants for instance). Therefore, by holding a smart evaluation system, the Foundation is qualified to select pertinent themes and projects.

Learning and Growth Perspective

- **L1 – Attract top talent**

Top talent professionals look for more than just money and benefits, where intangibles factors have a considerable weight. FFMS, by appealing CSR practices and revealing how the Foundation can help potential employees to reach their career goals, is positioning itself from other possible talent acquisition players.

- **L2 – Form a renowned guest board**

In terms of debates and information transmission, it is important to have a cadre of specialists, speakers and moderators who have in-depth knowledge on the issues at hand, and who can explain them clearly. With this, FFMS is gaining human capital and information capital of great value.

- **L3 - Build an inclusive and trustworthy culture**

It is highly important to create a culture, where there is an effort to build trusting relationships across different employee groups and where there is an effort to make sure all

employees get the motivation and right energy to perform their duties. By achieving this culture, FFMS can count with more productive workforces, better employee self-esteem, lower employee turnover, and, consequently, less nuisance.

- **L4 – Invest in the digital mean**

The digital adoption is a strategic mean to deliver positively the organisation's mission and disseminate a culture of innovation. A successful digital transformation allows FFMS to have continuous improvement in the service process and, thus, capture greater value over the long haul.

Financial Perspective

- **F1 – Achieve financial sustainability**

This strategic objective is directed to the financial resources of FFMS, which enable the Foundation to maintain its general operations, to expand services, to respond against unexpected expenses and to capture opportunities for further projects. A crucial element of financial sustainability is the agreement of staff and board to use efficiently the resources available and adjust an accurate budget with advance planning.

4.4.2. Strategy Map

A top-down approach will be assumed in the structure of the strategy map, as well as the formation of cause-effect relationships, which intuitively explain how it is possible to achieve the strategic objectives along the way.

The definition of cause-effect relationships depends on the ultimate goal of organisations, in other words, the ordering of perspectives can be different if the ultimate purpose is other than creating value for the shareholder.

In the case of FFMS (see Figure 4.4), as it is a non-profit without revenue generation, the ultimate objective of the scorecard is related to achieving a social mission rather than producing financial value. Likewise, the financial perspective loses relevance, and the customer perspective becomes the first priority, for representing society and its welfare. In FFMS' strategy map, the basis is constituted by the Financial Perspective and by the Learning and Growth Perspective, which are the two main supports for achieving the remaining objectives. Moreover, these two perspectives depend and rely on each other.

By using the resources efficiently and adjusting an accurate budget, the strategic objective "Achieve financial sustainability", in the Financial Perspective, is decisive to accomplish the

whole scorecard and definitely will help to “Provide the best service” located in the Perspective of Internal Business Processes.

On the other hand, in the Learning and Growth Perspective the following cause-effect relationships are verified:

- The objective “Invest in the digital mean” will attain the objective “Guarantee organisational efficiency” in the Perspective of Internal Business Processes.
- The objective “Attract top talent” will attain the objective “Provide the best service” in the Perspective of Internal Business Processes and will help to achieve the objective “Form a renowned guest board” in the same perspective.
- The objective “Build an inclusive and trustworthy culture” will attain the objective “Settle significant partnerships” in the Perspective of Internal Business Processes.

Moving to the Perspective of Internal Business Processes, the following cause-effect relationships are established:

- The objective “Settle significant partnerships” will lead to the objective “Innovate the Foundation’s approach” in the Customer Perspective and will help to achieve “Provide the best service” in the same perspective.
- The objective “Guarantee organisational efficiency” will lead to the objective “Extend the level of stakeholders’ satisfaction” in the Customer Perspective and will help to achieve “Provide the best service” in the same perspective.
- The objective “Provide the best service” will lead to the objectives “Broaden to new targets” and “Extend the level of stakeholders’ satisfaction” in the Customer Perspective.
- The objective “Analyse relevance of themes and projects” will lead to the objectives “Innovate the Foundation’s approach” and “Broaden to new targets” in the Customer Perspective.

As observed above, some strategic objectives contained in the same perspective are generators and promoters of each other, contributing to the existence and development of the common perspective.

Finally, by accomplishing the objectives “Innovate the Foundation’s approach”, “Broaden to new targets” and “Extend the level of stakeholders’ satisfaction”, presented in the Customer Perspective, FFMS can fulfil smoothly and magnificently its Mission.

The following map aims to guarantee that the entire board team and collaborators have access to a global view of FFMS’ strategy.

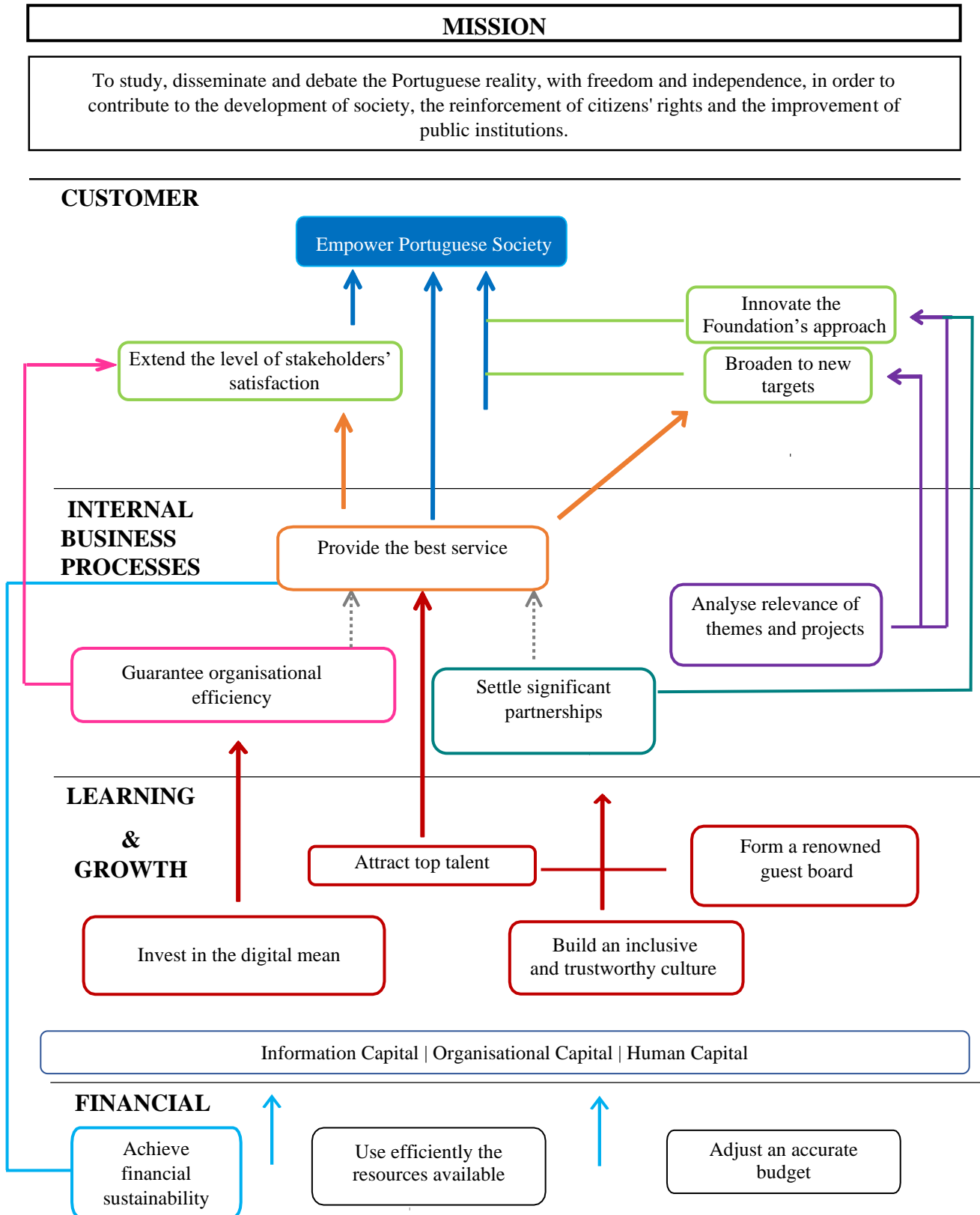


Figure 4.4: *FFMS Strategy Map* – Made by the author within the scope of the thesis

4.4.3. Measures and Targets

Measures have a big influence on the BSC execution, as they are determinant for the flawless compliance of the strategic objectives. In mathematical terms, measures estimate the acting of an organisation, by reviewing the level of progression of each strategic objective.

These measures can be defined by indicators, from which, posteriorly, the targets are settled down and the implementation initiatives are carried out. As said before, in the approach of Kaplan and Norton, the indicators can be divided into two groups:

- The *lag* indicators, which refer to result indicators, for appealing to the outcomes of past evidences;
- The *lead* indicators, which refer to performance, induction or action indicators, for appealing to the strategy of an organisation or business unit.

When more than one measure is assigned to a strategic objective, it is necessary to quantify, in percentage weights, the relevance of each measure. The weighting of each measure enables to perceive its contribution to the success of the respective objective, and, consequently, to the success of the perspective where it is located.

The selection of targets must be realistic but aspiring, so that FFMS can achieve the objectives previously proposed. In short, what distinguishes targets from objectives, is that targets are specific results that the organisation is dedicated to achieving within certain deadlines, in order to reach successfully, the long-term, comprehensive, strategic objectives.

The Table 4.2 identifies, for each strategic objective, the selected weight, measure and target to be achieved.

Strategic Objective	Weight	Measure	Target
C1 - Innovate the Foundation's approach	50%	Customer Satisfaction Score (CSAT)	More than 80% rate "5 - Very Satisfied"
	50%	Net Promoter Score (NPS)	More than 80% rate "5 - Highly Recommend"
C2 - Broaden to new targets	50%	Number of New Visitors Vs. Repeat Visitors	40% increase of new visitors
	50%	Amplification Rate	250 shares/annual quarter
C3 - Extend the level of stakeholders' satisfaction	100%	Stakeholder Satisfaction Index	Increase stakeholders feedback and advices
I1 - Settle significant partnerships	100%	Total Partners Experience (TPE)	Retain best key partners
I2 - Guarantee organisational efficiency	100%	LOB Efficiency Measure	90% achievement of the defined projects and deadlines
I3 - Provide the best service	100%	SERVQUAL	Rising quality of the service developed
I4 - Analyse relevance of themes and projects	100%	Control Rate	Wise selection of themes and projects
L1 - Attract top talent	100%	Quality of Hire	Quality of hire (%) \geq 80%
L2 - Form a renowned guest board	100%	Number and quality of external knowledge links	Crescent expertise on the guest board
L3 - Build an inclusive and trustworthy culture	100%	Employee Satisfaction	Promote an increasing harmonious workplace
L4 - Invest in the digital mean	70%	Degree of Digital	More focus on the digital component
	30%	Innovation Quotient (IQ) score	IQ 91-100
F1 - Achieve financial sustainability	100%	LOB Expenses Vs. Budget	Percentual variance \leq 5%

Table 4.2: *Strategic Objectives, Measures and Targets* – Made by the author within the scope of the thesis

Next, it is presented a detailed description of the measures and targets.

Customer Perspective

▪ **C1 - Customer Satisfaction Score (CSAT)**

Through a satisfaction survey provided by FFMS to platforms users or debates participants, this indicator will provide the rating average of all surveys answered, in order to analyse if the Foundation image and approach is innovative, inviting and interactive in the perception of its beneficiaries. **Target:** In a year, conduct 4 surveys, one each quarter. From 1 to 5 scale, being 1 – “Not Satisfied” and being “5 – Very Satisfied”, the goal is that more than 80% of respondents rate “5 – Very Satisfied”.

▪ **C1 - Net Promoter Score (NPS)**

In line of the previous survey methodology, this measure will focus on how likely FFMS’ audiences will recommend the Foundation to someone they know. NPS is one of the best indicators to estimate organisational long-term growth, customer experience and brand awareness. **Target:** In a year, conduct 4 surveys, one each quarter. From 1 to 5 scale, being “1 – Not recommend” and being “5 – Highly recommend”, the goal is that more than 80% of respondents rate “5 – Highly recommend”.

In both indicators, CSAT and NPS, it is important to create a baseline from the first survey and establish progressing actions in order to improve the rating responses, over time.

▪ **C2 - Number of New Visitors Vs. Return Visitors**

By using cookies to track visitors’ behaviour, this indicator will allow FFMS to distinguish their website traffic and get insights about its users’ preferences on the website. This measure besides underlining the retaining users who are already engaged to FFMS digital community, tells if the Foundation is reaching new viewers. **Target:** Both visitors are extremely important to FFMS in the sense of building a strong brand and visibility, however, in this particular strategic objective, as the goal is to expand to new targets, a high percentage of new visitors is the ultimate target (40% increase until the end of the year).

- **C2 - Amplification Rate**

In an attempt to reach a younger audience, this measure will determine the number of followers that forward FFMS content through the Foundation's social networks (Facebook, Twitter, Youtube, LinkedIn and Instagram). The greater the number of shares, retweets, reposts, etc., the greater the number of people reached. Additionally, the Foundation stays with a clearer idea of what content gets its target audience most interested. **Target:** Within an annual quarter, achieve 250 shares from different followers and on different networking platforms.

- **C3 - Stakeholder Satisfaction Index (SSI)**

SSI will provide useful insights of FFMS stakeholders' needs and expectations. SSI is a crucial measure to achieve effectiveness towards the Foundation's services, by understanding if each stakeholder is satisfied with the performance, outcomes and results of the Foundation. **Target:** Collect stakeholders' feedback and advices through annual meetings.

Internal Business Processes Perspective

- **I1 - Total Partners Experience (TPE)**

TPE will rate a partner's overall experience with FFMS, determining knowledge transmission, demand creation, integration and engagement. It will evaluate each partner individually and understand, within the partner ecosystem, which are the most important ones to maintain and satisfy. **Target:** Screen all the Foundation's partners in order to understand which are the most important for its operation and, consequently, to preserve in the long haul.

- **I2 - LOB Efficiency Measure**

This measure is able to measure efficiency in every industry. In the case of FFMS, it can be measured when examining how many projects are launched every trimester and how much time was necessary on the conception of each. Moreover, this indicator allows to detect the areas which need optimisation. **Target:** 90% achievement of the defined projects and deadlines.

- I3 – **SERVQUAL**

As the name indicates, SERVQUAL is a measure of service quality and it will analyse the Foundation's processes, through the evaluation of five dimensions: reliability (perform the promise service), assurance (knowledge and courtesy of employees), tangibles (physical facilities and equipment), empathy (caring and attention paid) and responsiveness (willingness to help and provide prompt service). **Target:** Rising quality of the service developed on the five dimensions discussed.

- I4 – **Control Rate**

This measure aims to confirm the control systems used in the selection of themes and projects that the Foundation materialises. It was proposed from the point of view of continuity since FFMS has already excellent control systems that ensure the suitability of content, from the choice of partner academies, themes, scientific studies or events. **Target:** Wise selection of themes and projects to materialise in the Foundation.

Learning and Growth Perspective

- L1 – **Quality of Hire**

Through productivity, performance and retention data, this indicator measures the quality of the Foundation's hires, evaluating the value that new hires bring to the Foundation (performance), determining employee engagement (productivity) and measuring turnover rates (retention). Quality of hires also proves if the human resources department is being successful and efficient on the allocation of suitable candidates (time to hire and employee fit). **Target:** Quality of hire (%) = [(Performance % + Productivity % + Retention %) / 3] ≥ 80%.

- L2 – **Number and quality of external knowledge links**

The guest board attains the power to motivate and inspire the Foundation's audience. Likewise, this indicator aims to evaluate how much and in what manner guests with core competencies, such as specialists, speakers and moderators who participate in FFMS' events, contribute to the organisational knowledge base. **Target:** Crescent expertise on the guest board.

- **L3 – Employee Satisfaction**

This indicator seeks to gather employee data in order to understand how happy, engaged and productive the Foundation’s collaborators are regarding their daily responsibilities and future. Moreover, perceiving how collaborators feel, through surveys, absent rates or informal conversations, allows FFMS to identify any potential problems and areas in need of improvement. **Target:** Promote an increasing harmonious workplace where all collaborators contribute and feel involved.

- **L4 – Degree of Digital**

This measure refers to the tacit knowledge and information capital that support FFMS’ digital operations. This measure not only encourages the Foundation to make upgrades and upkeep events proactively but also provides the assurance to ascend operations and chase innovative chances on the digital era. One fundamental factor which increases this goal is the budget allocated to R&D (Research and Development). **Target:** More focus on the digital component of the Foundation, so that it boosts service expansion and uniqueness.

- **L4 – Innovation Quotient (IQ) score**

Innovation Quotient Score is an international rating system which measures and supports internal capacity to innovate, fostering gaps and leading behaviours more preponderant to innovate. The five ranks of IQ score are IQ 0-30 (lack of innovation capabilities), IQ 31-50 (some innovation capabilities in place), IQ 51-70 (strong innovation capabilities in place), IQ 71-90 (very strong innovation capabilities in place) and IQ 91-100 (superior innovation capabilities in place). **Target:** IQ 91-100, which indicate superior innovation capabilities in place. Additionally, indicates a culture, strategy and leadership greatly lined up with the innovation capabilities.

Financial Perspective

- **F1 - LOB Expenses Vs. Budget**

A comparison between FFMS’ overhead with forecasted budget will help to comprehend where the Foundation diverged from its initial financial plan and, in addition, it will promote a

more effective departmental budget forward. **Target:** The percentual variance between the total assumed and total actual ration of revenues to expenses should be $\leq 5\%$.

4.4.4. Initiatives

The Balanced Scorecard must also contain strategic initiatives that are able to figure and operationalise the strategic objectives established previously. In this sense, these initiatives need to be concrete actions, projects or programs, with a fixed length of time, and supposed to fix a performance or strategic gap. Therefore, the initiatives suggested for each perspective are:

Customer Perspective

- C - Conduct surveys in order to understand audiences' satisfaction.
- C - Take new marketing actions, including press releases to disseminate news and events of interest about FFMS.
- C - Create a "suggestion box" within younger generations (to understand the themes that captivates them the most).
- C - Foster a closer contact with universities and integrate its students in the Foundation's events.
- C - Promote annual team buildings for all stakeholders with specific moments for assessing expectations.

Internal Business Processes Perspective

- I - Create a supporting manual with the key areas of partnership that the Foundation should invest each year.
- I - Establish punctuality and autonomy criteria protocols in each project, which provision decision making.
- I - Organise internal benchmarking forums in order to brainstorm pain points and present-day issues.
- I - Perform data audits in order to certify the sources of information, for instance through a service entry sheet.

Learning and Growth Perspective

- L - Develop training and coaching plans to increase the skills of collaborators, according to the annual formation plan.
- L - Strengthen the guest board and the R&D team, giving special attention to the knowledge transmission.
- L - Invite suitable social media influencers to participate on the Foundation's activities so it impacts young generations.
- L - Concede team rewards' when reaching goals, side by side with an individual performance evaluation system for everybody.
- L - Create an FFMS' App for mobile, where users can have access to past activities, a calendar for future events or even an exclusive newsletter of the Foundation.

Financial Perspective

- F - Increase budget control, through improving the costing system (more detailed) and promoting a program to eliminate expendable expenses.
- F - Create a MS Excel file for measuring return per activity, which assesses the reach of each project versus the investment cost that was required.

The Table 4.3 presents the complete BSC of FFMS, identifying for each strategic objective, the selected weight, measure(s), target(s), initiatives(s), responsible entity, completion and status.

ID	Strategic Objective	Weight	Measure	Target	Initiative	Department in charge	Complete?	Status
C1	Innovate the foundation's approach	50%	Customer Satisfaction Score (CSAT)	More than 80% rate "5 - Very Satisfied"	Conduct surveys in order to understand audiences' satisfaction.	Media Relations	No	
C1		50%	Net Promoter Score (NPS)	More than 80% rate "5 - Highly Recommend"	Take new marketing actions, including press releases to disseminate news and events of interest about FFMS.	Media Relations		
C2	Broaden to new targets	50%	Number of New Visitors Vs. Repeat Visitors	40% increase of new visitors	Create a "suggestion box" within younger generations (to understand the themes that captivates them the most).	Digital, IT and Systems		
C2		50%	Amplification Rate	250 shares/annual quarter	Foster a closer contact with universities and integrate its students in the foundation's events.	Studies Directorate		
C3	Extend the level of stakeholders' satisfaction	100%	Stakeholder Satisfaction Index	Increase stakeholders feedback and advices	Promote annual team buildings for all stakeholders with specific moments for assessing expectations.	Executive Board		
I1	Settle significant partnerships	100%	Total Partners Experience (TPE)	Retain best key partners	Create a supporting manual with the key areas of partnership that the foundation should invest each year.	Executive Board		
I2	Guarantee organisational efficiency	100%	LOB Efficiency Measure	90% achievement of the defined projects and deadlines	Establish punctuality and autonomy criteria protocols in each project, which provision decision making.	Executive Board		
I3	Provide the best service	100%	SERVQUAL	Rising quality of the service developed	Organise internal benchmarking forums in order to brainstorm pain points and present-day issues.	Directorate- General		
I4	Analyse relevance of themes and projects	100%	Control Rate	Wise selection of themes and projects	Perform data audits in order to certify the sources of information, for instance through a service entry sheet.	Studies Directorate		
L1	Attract top talent	100%	Quality of Hire	Quality of hire (%) \geq 80%	Develop training and coaching plans to increase the skills of collaborators, according to the annual formation plan.	Executive Board		
L2	Form a renowned guest board	100%	Number and quality of external knowledge links	Crescent expertise on the guests board	Strengthen the guest board and the R&D team, giving special attention to the knowledge transmission.	Studies Directorate / Directorate- General		
L2					Invite suitable social media influencers to participate on the foundation's activities so it impacts young generations.	Studies Directorate		
L3	Build an inclusive and trustworthy culture	100%	Employee Satisfaction	Promote an increasing harmonious workplace	Concede team rewards' when reaching goals, side by side with an individual performance evaluation system for everybody.	Directorate- General		
L4	Invest in the digital mean	70%	Degree of Digital	More focus on the digital component	Create an FFMS App for mobile, where users can have access to past activities, a calendar for future events or even an exclusive newsletter of the foundation.	Digital, IT and Systems Director		
L4		30%	Innovation Quotient (IQ) score	IQ 91-100		Digital, IT and Systems Director		
F1	Achieve financial sustainability	100%	LOB Expenses Vs. Budget	Percentual variance \leq 5%	Increase budget control, through improving the costing system (more detailed) and promoting a program to eliminate expendable expenses.	Financial Director		
F1					Create a MS Excel file for measuring return per activity, which assesses the reach of each project versus the investment cost that was required.	Financial Director		

Table 4.3: Balanced Scorecard of FFMS – *Made by the author within the scope of the thesis*

4.4.5. Implementation Plan

Considering the literature review studied, the following steps, presented in Figure 4.5, were proposed for the implementation of this tool in the Foundation:

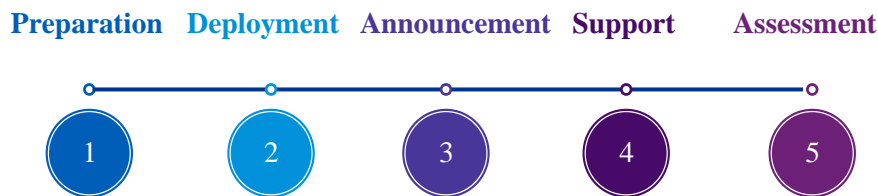


Figure 4.5: *Implementation Plan* – Made by the author within the scope of the thesis

Preparation

Inspired in Kaplan and Norton's (1996a) study, this phase is meant to design a schema, enumerating the Foundation's activities with their respective achievements during the last 10 years. In this phase, the diagnosis of the company should also be considered, with the re-establishment of the Foundation's mission, vision and values and the review of its potentialities and surroundings (SWOT, CSFs and strategic axes).

Deployment

Following Kaplan and Norton (2001b) and Ponte *et al.* (2017), the construction of the BSC should be proceeded by adapting the four perspectives to the foundation reality (Customer, Internal Processes, Learning & Growth and Financial) and by deciding the strategic objectives. The following steps here are about defining the measures, targets and strategic initiatives that are going to help monitoring the strategic objectives defined.

Announcement

Considering Nørreklit and Mitchell (2007), this stage is about guaranteeing that the BSC is integrated within whole organisation. With the help of the strategic map, it is intended to transmit the Foundation's collaborators about the tool, the strategies chosen and the role of each collaborator in the execution of the BSC. The spreading of this newness throughout the Foundation is going help each employee to cognise his/her input in the implementation of the mentioned strategies.

Support

Conferring the phase number iii) of Virtanen's (2009) study, this step is about ensuring that each collaborator understood the extent of his/her role and monitoring the execution of the BSC periodically (monthly intervals), with improvement and adjustment meetings.

Assessment

Finally, based on the results achieved versus the targets previously proposed, it is necessary to assess the performance of the Foundation quarterly. Depending on the performance of each measure and on the accomplish of the consequent target, understand if it is necessary to make corrective changes to the BSC initially proposed. Otherwise, if the Balanced Scorecard is aligned with the Foundation's strategy, then new strategic objectives and initiatives should be brought forward according to the circumstances lived by the Foundation at that time (Kaplan and Norton, 1992; 2001a; 2001b).

CHAPTER V – CONCLUSION

5.1. Contributions

In this thesis, a Balanced Scorecard was developed for a social hybrid organisation, with the aim of presenting a performance and strategic management tool, able to guarantee the long-term success of multi-purpose organisations.

Hybrid organisations present a symbiosis in their characteristics, including organisational activities, workforce composition, organisational design, interorganisational relationships and organisational culture. In the case of social hybrid organisations, economic and social aspects are combined, and values are conciliated in both perspectives (Battilana and Lee, 2014). This organisational configuration sometimes faces the obstacle of establishing a balance between economic and social forms, conducting to a “mission drift” towards only one of these forms.

The complexity intrinsic in hybrid organisations has various inferences for the management board, which increases the importance of adopting management control systems that allow reflection and adjustments, such as the Balanced Scorecard. If originally the Balanced Scorecard was operated mainly by big corporations, over time this tool started to be more pragmatic and adaptable to several types of organisations. Indeed, in the USA, the Balanced Scorecard approach has been implemented in organisations with diverse environmental and social missions, providing them a significant complement on the monitoring of their activities and on the tracking of their goals (Kaplan and Norton, 2001a).

With this in mind, it was proposed to elaborate the conception of the Balanced Scorecard for a Portuguese social hybrid organisation, the Francisco Manuel dos Santos Foundation. This case study went through fundamental phases, such as the internal and external diagnosis of the Foundation: organigram, activities, mission, vision, values, SWOT, CSFs and strategic axes of FFMS. Following this, the BSC was constructed, where the strategic objectives, measures, targets and initiatives were defined and explained through the four perspectives (customers; internal business processes; learning and growth; financial). The case study ended with the BSC implementation plan for its concretisation, dissemination and monitorisation.

Hybrid organisations, such as a non-profit with a purely social mission, are also able to set intelligent management strategies, just like big corporations do. They just need the right tools!

5.2. Limitations

In case study research is vital to give substantial reflexion to the collection and evaluation of evidence which is applied in developing and generalizing a theory.

One of the biggest challenges was drawing boundaries around the subject matter of the case. I.e., there are a large number of hybrid organisations that can be brought up for discussion in this thesis. The Francisco Manuel dos Santos Foundation, a non-profit, was the selected one to experiment the materialisation of the BSC, however it is particularly difficult to fully generalise the design of a Balanced Scorecard to other hybrids organisations, both for-profit and non-profit once each organisation is unique and has particular characteristics to consider. However, as Ryan *et al.* (2002: 159) mentioned, “*the holistic idea of studying all aspects of a social system is clearly unattainable and we must be satisfied with approximations*”.

Due to the background and past experiences of the researcher, as a human being, other challenge was related to the fact that the researcher cannot be viewed as a neutral independent observer. Likewise, the researcher has a personal interpretation of the social system being studied, not an objective representation. Special care was taken so that existed more people, from different perspectives, involved in this case study, both inside and outside of the Foundation, in order that was possible to reduce such bias in the collection and assessment of evidence.

5.3. Suggestions for further research

In the future it is suggested the development of the Balanced Scorecard in other hybrid organisations with different characteristics, positioned in different sectors and located in different countries. The goal is to confirm, advance and understand the contribution of the BSC in such organisations. Additionally, there are still relatively few investigations that explore the design of an exclusive management tool for hybrid organisations. These investigations would be revolutionary in the field and a great scientific contribution to the academic community.

As mentioned in ‘Limitations’, it is not possible to attain generalisations of case studies. Nevertheless, if there are enough studies about the implementation of MCS, like the BSC, in hybrids organisations, these studies can be reproduced and experienced in similar circumstances, thus generating theoretical conclusions and helping future hybrid managers.

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APPENDIXES

Appendix A: Link of SWOT and CSF analysis with Strategic Objectives

SWOT and CSFs / Strategic Objectives	Support the Strength(s)	Suppress the Weakness(es)	Avail the Opportunity(ies)	Diminish the Threat(s)	Meet the CSF(s)
Customer Perspective					
C1 - Innovate the Foundation's approach	Digital savvy; Willingness to meet the needs of society; Free provision of data.	Need for expertise in the digital field.	Innovation and technology developments.	Portugal's side effects.	Digital mindset; Prone to innovation.
C2 - Broaden to new targets	Willingness to meet the needs of society.	Scarce interaction with younger generations.	Support from the audience; Concern for environmental and social causes.	Challenge due to Covid19.	Able to mobilise and inspire others. Mission-wide clarity on target' needs.
C3 - Extend the level of stakeholders' satisfaction	Highly established positive reputation; Solid relationships with collaborators.	---	Support from the audience; Increasing partnerships and networking environment.	---	Participation between all collaborators.
Internal Business Processes Perspective					
I1 – Establish partnerships	Strong mission and proposition.	Need for expertise in the digital field; Inexistence of organisations with the same mission.	Support from the media; Increasing partnerships and networking environment	---	Prone to innovation; Able to mobilise and inspire others.

I2 – Guarantee organisational efficiency	Strong mission and proposition; Willingness to meet the needs of society.	Reprogramming of activities due to Covid19;	Innovation and technology developments.	Challenge due to Covid19; Lack of an integrated management system exclusively for hybrid organisations.	Quality control systems; Reliability of data, projects and overall offers.
I3 - Provide the best service	Highly established positive reputation.	---	Innovation and technology developments; Recognition towards national and international community.	Increasing IT security threat.	Reliability of data, projects and overall offers.
I4 - Diversify themes, projects and channels	Digital savvy; Willingness to meet the needs of society; Free provision of data.	Need for expertise in the digital field; Scarce interaction with younger generations.	Innovation and technology developments; Support from the media; Increasing partnerships and networking environment.	Portugal's side effects.	Prone to innovation; Able to mobilise and inspire others.
Learning and Growth Perspective					
L1 – Attract and retain top talent	Highly established positive reputation; Solid relationships with collaborators.	Need for expertise in the digital field.	Recognition towards national and international community.	Changing regulatory environment; Portugal's side effects.	Top talent attraction and retention; Able to mobilise and inspire others.
L2 – Form a renowned guest board	Strong mission and proposition; Highly established positive reputation.	---	Increasing partnerships and networking environment; Recognition towards national and international community.	---	Able to mobilise and inspire others.

					Reliability of data, projects and overall offers.
L3 - Build an inclusive and trustworthy culture	Stable source of finances; Solid relationships with collaborators.	---	Recognition towards national and international community.	Challenge due to Covid19; Lack of an integrated management system exclusively for hybrid organisations.	Quality control systems; Top talent attraction and retention; Mission-wide clarity on target' needs.
L4 – Invest in Information Technology (IT)	Digital savvy; Free provision of data.	Need for expertise in the digital field.	Innovation and technology developments.	Increasing IT security threat.	Digital savvy; Prone to innovation; Quality control systems.
Financial Perspective					
F1 – Achieve financial sustainability	Stable source of finances.	Reprogramming of activities due to Covid19.	Recognition towards national and international community.	Portugal's side effects.	Competent use of financial resources.

Table made by the author within the scope of the thesis.

Appendix B: Consultation – Form

Contact Type:	Formal	Place:	MS Outlook
E-mails	ffms@ffms.pt rrocha@ffms.pt presidencia@ffms.pt	Contact date:	2020-04-20
		Reply date:	2020-07-28
Duration	-	Entity:	FFMS
Contacted person:	1 - Rui Passos Rocha 2 - Maria Boavida	Obs. The contact request was made via e-mail as well as the Foundation's response.	
Function / Position:	1 - Digital Editor 2 - Advisor to the President		

Main topics covered in this contact:

- Presentation of the case study proposed in the thesis;
- Alignment of expectations;
- Contextualisation of the Foundation's activity at the moment.

Summary of information and documents collected:

- The first contact with the FFMS was made in April with the aim of presenting the case study of this thesis as well as asking for collaboration so that the work could seamlessly converge to the reality of the Foundation. As soon as the request was answered, the work plan was presented as well as the type of assistance requested (interviews, document analysis and actions observation).

New questions or aspects to consider in the next contacts:

- Due to the covid-19 pandemic, it was established that all interviews would be conducted via videoconference, telephone or e-mail. The 'actions observation' was the only evidence source made in person at public events organised by the Foundation.

On the following appendixes, it is presented the name and function of the collaborators interviewed, the date of the interview, the average duration of each, the type (structured, unstructured or semi-structured), the place and the form of information collection (recording or transcription to paper).

Appendix C: Interview 1 – Form

Type of Interview:	Semi-structured	Place:	Microsoft Teams
E-mail	jgaspar@ffms.pt	Contact date:	2020-07-31
		Interview date:	2020-08-04
Duration	45min	Entity:	FFMS
Contacted person:	João Tiago Gaspar	Obs. The interview was conducted via videoconference and transcribed for the paper.	
Function / Position:	Investigation Team Coordinator		

Questions covered in this contact:

- Presentation of the case study proposed in the thesis
- The mission, vision and values central to the Foundation.

Summary of information and documents collected:

- Mission: “To study, disseminate and debate the Portuguese reality, with freedom and independence, in order to contribute to the development of society, the reinforcement of citizens' rights and the improvement of public institutions”.
- Since FFMS does not have an official Vision of the Foundation, the following was proposed afterwards by the researcher: “Become a national information pillar of great reference and trust, in the effort to solve society's major hindrances, for the benefit of all Portuguese and future generations”.
- Values: “Democracy”, “Freedom”, “Equal opportunities”, “Merit and “Pluralism”.
- For the construction of the SWOT and Critical success factors, the interviewee advised visiting the Foundation's official website, as well as analysing the FFMS’ Official Account and Activity Reports from 2017 to 2019.

New questions or aspects to consider in the next contacts:

- Selection of the information system to support the BSC.

Appendix D: Interview 2 – Form

Type of Interview:	Semi-structured	Place:	Telephone
E-mail	rrosado@ffms.pt	Contact date:	2020-11-16
		Interview date:	2020-11-18
Duration	60min	Entity:	FFMS
Contacted person:	Rita Rosado	Obs. The interview was conducted via telephone and recorded.	
Function / Position:	Projects Manager		

Main topics covered in this contact:

- Validation of the work carried out until that date.
- Selection of the information system to support the BSC.
- Presentation of possible strategic objectives, measures, targets, initiatives and strategic map.

Summary of information and documents collected:

- The work carried out until that date (chapter IV) was sent in PDF format so that the interviewee could previously analyse and give her feedback accurately.
- The MS Excel was the tool chosen to support the BSC, as the most user-friendly system which enables the responsible entities to monitor the data and transmit it to their teams.
- Exchange of doubts and insights on the construction of the BSC in terms of strategic objectives, measures, targets, initiatives and strategic map.
- Selection of the department in charge for each strategic objective.

New questions or aspects to consider in the next contacts:

- The interviewee suggested the final validation of a collaborator belonging to the management board, Helena Bento, in order to certify the case study and give the latest recommendations.
- Gather advices from management board and refine the last details.

Appendix E: Interview 3 – Form and Script

Type of Interview:	Structured	Place:	Microsoft Teams
E-mail	hbento@ffms.pt	Contact date:	2020-11-19
		Interview date:	2020-11-27
Duration	60min	Entity:	FFMS
Contacted person:	Helena Bento	Obs. The interview was conducted via videoconference and recorded.	
Function / Position:	CEO		

Main topics covered in this contact:

- Alignment of the Foundation's internal and external diagnosis.
- Gather advices from management board and refine the last details.

Summary of information and documents collected:

- The work carried out until that date (chapter IV) was sent in PDF format so that the interviewee could previously analyse and give her feedback accurately.
- Exchange of ideas on the refinement of the SWOT and BSC analysis.
- Discussion on the Foundation's strategic axes.
- Debate on the future plans of the Foundation, from the perspective of the management board.
- Final certification of the case study.

New questions or aspects to consider:

- All the content present in this case study was certified, validated and aligned with the management board of FFMS.

Script - Interview No. 3

Interviewee: Helena Bento, CEO

Part I - Internal and External Diagnosis of FFMS

- 1) How was the Foundation 's mission conceived?
- 2) The Foundation's website does not present the official vision of FFMS. What is the long-term vision?
- 3) How is the mission, vision and values conveyed?
- 4) After analysing the proposed SWOT, is there any topic you would like to discuss?
- 5) And how do you evaluate the proposed CSFs?
- 6) Regarding the strategic axes, from the management board's point of view, what are the fundamental strategic pillars of FFMS?

Part II – Specific questions taken after the construction of the BSC

- 7) Considering this BSC, what are the strategic objectives from the management board perspective?
- 8) How do you measure organisational performance?
- 9) Is there a strategic or planning support system?
- 10) How do you characterise the Foundation's relationship with its stakeholders (e.g., beneficiaries, events' guests, universities)?
- 11) How do you disclose the image of FFMS in society? Is the digital medium a future bet?
- 12) Did Covid19 impacted your events' schedule and programme? Was there a plan B?
- 13) What are the current needs and future plans of FFMS?

Part III – Feedback from the management board

- 14) After analysing the BSC proposed by the researcher, what is your feedback?

Appendix F: Evidence Collection List

Francisco Manuel dos Santos Foundation Official Website: <https://www.ffms.pt/>

Link to “*Praça da Fundação*” held at *Feira do Livro* 2020, Lisbon:

<https://www.ffms.pt/conferencias/ciclo/4921/praca-da-fundacao-na-feira-do-livro-de-lisboa-2020>

2017, FFMS’ Official Activities Report: <https://www.ffms.pt/FileDownload/25f6f478-86c5-4390-b66f-6dcdfb478890/relatorio-de-actividades-2017>

2018, FFMS’ Official Activities Report: <https://www.ffms.pt/FileDownload/0e2d496a-7a59-419d-88bc-31c07705f4e6/relatorio-de-actividades-2018>

2019, FFMS’ Official Account Report: <https://www.ffms.pt/FileDownload/e0358090-a593-4a10-bcca-ab6e14bbf9d3/relatorio-de-contas-2019>

2019, FFMS’ Official Activities Report: <https://www.ffms.pt/FileDownload/6f6f5359-ceac-4381-ae22-3af8c867cad5/relatorio-de-actividades-2019>