

A new framework for performance evaluation system using strategy map: A case study of Islamic Azad University of Semnan

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ABSTRACT

During the past few years, there have been extensive developments on Islamic Azad University, which has led on reduction of managerial flexibility. Therefore, these organizations concentrate on their strategic management via usage of the Balanced Model such as Balanced Score Card (BSC) to consider different organizational perspectives and it is important to have good description of organizational strategies and goals. The strategy map is a primary factor to assess the performance in different organizational activities. In this paper, the performance evaluation system of Islamic Azad University of Semnan is designed by the utilization of strategy map as a prominent part of BSC.

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1. Introduction

The assessment of the organizational activities performance is considered as an initiating point of scientific management processes in various researches (Maltz, 2003). In management research, the primary objectives of most managers in different organizations are grouped in five categories: Planning, Organizing, Staffing, Directing, Coordinating, Reporting and budgeting (Gulick & Urwick, 1973). According to this categorization, the assessment and a good control on organizational performance is a prominent function for managers (Neely & Adams, 2000). In addition, the organizational performance is divided in: (1) Result (outcome); (2) behavior (input). The behaviors are originated from the player and lead to outcome (performance) (Anthony & Govindarajan, 2001).

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The performance management is an integrated and strategic process, which plays essential role on the success of organization through the optimization of role player (personnel) performance (Otley, 1999). The performance measurement system is a portion of performance management system and is utilized as a quantitative measurement for an activity efficiency and effectiveness (Neely & Adams, 2000).

As noted by Paddock (1997), the performance evaluation is a process according to management concept and principles for goal attainment. Evans and Lindsay (2005) believe that the performance evaluation system is a competitive advantage for organizations. Besides, Simon (2000) recount that performance evaluation system is a key factor for responding to customer expectations. The researches in the field of performance evaluation proceed in two steps. In first step lasted until 1980, the main consideration was about the financial measurement of accounting system (Lebas, 1995).

The second step has started from 1980 and it has been growing, steadily. Some research named this step as “the revolution of performance evaluation” (Baldwin & Clark, 1992). Many studies (Prowse & Prowse, 2009; Sole, 2009; Banwet & Deshmukh, 2008; Hassab et al., 2010; Ramstad, 2009; Lester et al., 2010; De Waal, 2010) focus on the comparison of performance evaluation systems and their effect on the organization. Meanwhile, some researches introduce BSC as the best model for performance evaluation.

For the first time, this model is presented in 1992 by Professor Robert Kaplan and Doctor David Norton as a contemporary system in management and identified the requirements for effective execution of strategies and the implementation of the comprehensive management system and performance improvement. The BSC is a thorough framework for performance evaluation and strategies development. It leads to balance between short-term and long-term goals, financial and non-financial measurements, internal and external performance, internal and external stakeholders, strategies stimuli and obstacles (Grigoroudi et al., 2012).

BSC is a framework for describing and operations of the organizational strategies (Makhijani, & Creelman, 2008). Therefore, in BSC design the key factors that lead to the readiness of organizational strategies for value creation in future; should be evaluated (Kaplan & Norton, 2004). BSC is a complete managerial system for managing the strategies execution and measuring organizational performance from four aspects: financial, customer, internal processes, learning and growth but these aspects could be modified according to industrial structure and organizational dynamics (Kaplan & Norton, 2000; Chen, et al., 2006; Chytas, 2008). It causes to transfer the mission, vision, strategies and functional expectations to the organizational stakeholders. It means that the BSC explains the organizational missions and visions as a causality set in four aspects and considers the organization as an integrated system (Nissen, 2006). These outstanding traits of BSC cause the application of it in various industrial and service portions (Xu & Yeh, 2012).

According to Makhijani and Creelman (2008), the BSC is composed of four dependent components as follows:

- 1- The strategy map that identifies and explains the organizational strategic goals (if this goal is met, the strategy will execute, successfully).
- 2- Performance measurements that clarify the progress of organization to the strategic goals.
- 3- Quantitative goals defined for measurements.
- 4- Selection and execution of strategic innovation due to link between quantitative goals and performance and meet the strategic goals.

The researcher who proposed BSC believe that the successful execution of organizational strategies is depended to the personnel comprehension of strategies. For access to this comprehension, the

complex processes that cause the conversion of intangible assets to the tangible outcomes; must be developed (Kaplan & Norton, 2000). To do so, the researchers proposed the strategy map as a first component in their model that could link between organizational strategies structure by the recognition and extract of key strategic goals and the depiction of cause-effect relations between them (Kaplan & Norton, 2000). It means that the successful implementation of BSC is expedited with a model that is developed with base the BSC on strategy map (Makhijani & Creelman, 2008). For example, many research (Jassbi et al., 2011; Huang et al., 2011; Chang et al., 2011; Cebeci et al., 2009; Buytendijk et al., 2011; Tohidi et al., 2010a; Tohidi et al., 2010b) expedite the execution of BSC with the usage of strategy map.

In this paper, the authors concentrate on the identification of goals structure and organizational key measurements, link between as a cause-effect relation and preparation of a comprehensive performance evaluation system.

2. Literature review

Some researchers believe that the BSC is not suitable for academic organizations and is more suitable for profitable organizations (Umashankar & Dutta, 2007). Therefore, the researchers do not pay attention to the development of BSC model in academic field such as university and training institutions. Nevertheless, the academic universities implement BSC, extensively. For example, Rossir training institution of south California college applied the BSC as a training effectiveness measurement (Umashankar, & Dutta, 2007). In addition, the Edenburg college, the south California university, the Ohio university, the California college, the Ukraine college are the other examples that implement the BSC (Walker & Ainsworth, 2007; Karathanos & Karathanos, 2005; Umashankar & Dutta, 2007). As noted by Kaplan and Norton (2000) in non-profit organization, the BSC model is orderly sorted as: vision, customer, internal processes, learning and growth, financial. Wilson et al. (2002) demonstrate that the financial part of BSC is changed to stakeholders and is located in the same level with customer in a research which is executed by National British Columbia Office in Canada. In addition, despite they perceive the financial part as the prominent part of BSC in three offices which implement the Balance Card or strategy map; do not explain whether the selected model is related to organizational culture.

However, four key aspects of BSC can be modified with the unique requirement of organization in spite of the similarity between the applied structural aspect in business organization with non-profit and governmental organization. Without understanding the complete financial structure including resources and budget, the organization is not able to meet vision and mission; so, the non-profit organization must emphasize the financial cost and advantages of performance management. Many non-profit organizations have admirable vision and mission, nevertheless, support it, less financially. Meanwhile, the research demonstrates that forty-nine percentage of organization believe that the financial measurement is paramount aspect (Niven, 2002).

3. Design of performance evaluation system with implementation of strategy map in Islamic Azad University of Semnan (IAUS)

Fig. 1 demonstrate how different steps of performance evaluation system design is related to each other and the following steps summarizes the proposed model of this paper,

Step I. The main mission of the Islamic Azad University (IAU) is the spread of knowledge and skill and the training of the creative person in different fields of sciences and technologies with the quality development of academic life. In addition, it is responsible for the development of research and training services and responding to the various research and training expectation of their stakeholders. The IAU as one of the biggest universities in the Middle East region account for the science development and spread, so, the economic, social and cultural promotion. In addition, it must be

concentrated on its basic values, which lead to keep the Islamic identity and try to fill the information gap with the creation of a scientific competitive environment by the participation of other research and training institutions and providing appropriate training programs.

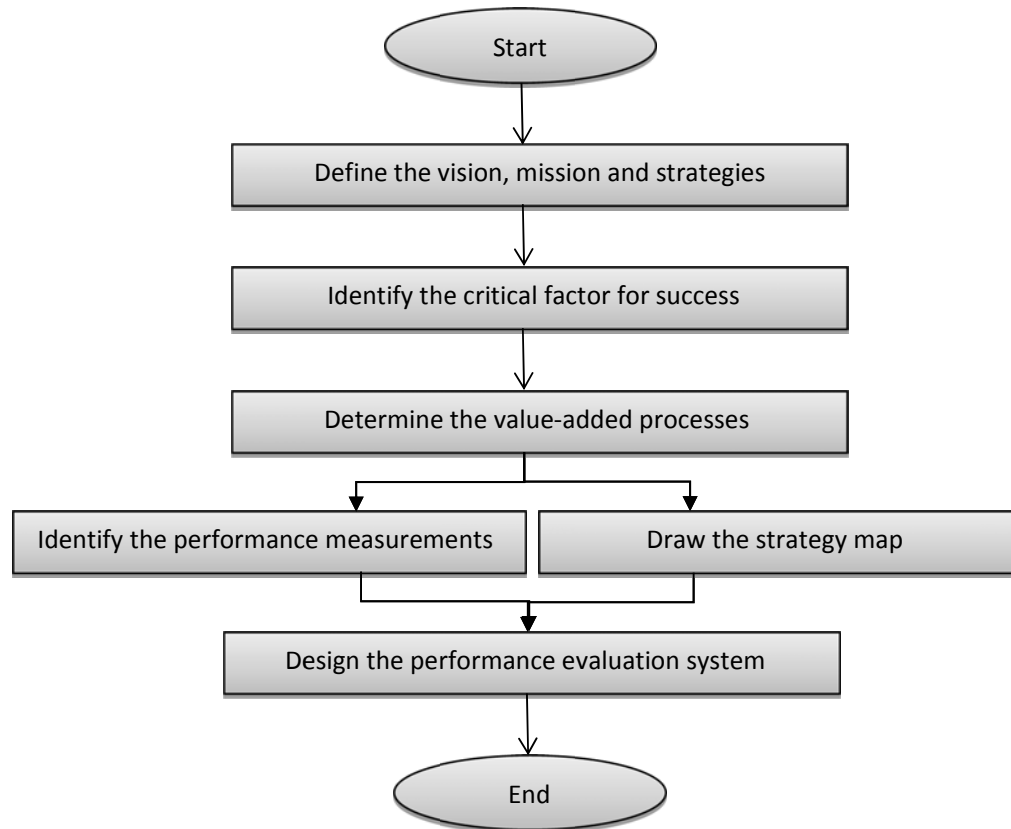


Fig. 1. The framework of the performance evaluation system design

The IAU mission is demonstrated a university which is: “entrepreneurship and effective in economic growth and development of country; superior in providing training and research services to different level of society; pioneer in development of science and theory in west-south of Asia; including advanced research center according to the international standards; responding to new expectations of society such its students will form the future society”.

The IAUS is defined the following strategies for four next years (2012-2016):

1. The reduction of financial dependency to students’ payments through the reinforcement of software and hardware abilities
2. The modification, review and redesign of key processes to reinforce the responding ability to the new needs of university (e.g. the modification of salary system, administration structure, the development of its implementation, etc.)
3. The launch and development of the incubator centers to acquire revenue through research activities (e.g. the sale of the scientific patent)
4. The training improvement

Step II. The IAUS key strategic concepts and value-added processes are demonstrated in Table 1.

Table 1
The strategic information of IAUS

Critical Factor	Basic requirements	Solution	Aspect	Value-added process	Reinforcement solution
The development and improvement of effective and efficient relation with industries	The creation of an active unit that is responsible for relations with industries	The creation of an outsourcing unit for relations with industries as a percentage of contracts	Customer	The industrial relationship process	The appropriation of the defined percentage of study projects' income to their members
	The empowerment professors	To hold on-the-job training courses for professors	Financial Learning and growth	The professor empowerment process	The creation of sabbatical for professors in foreign universities
Creating an efficient system of intellectual and moral ownership for the sale of scientific patents	An independent legal unit for university	Creating an independent and powerful legal unit for university	Academic credits	The legal process	The part time cooperation with external legal centers
	A marketing unit for sale of the scientific patents	Creating a marketing unit for patents	Customer Financial	The patent marketing process	The part time contract with external marketing centers
Developing and equipping in order to promoting the university at least in one of the introduced scientific educational field in the country	Identifying and developing the applied field in the country	Identifying the applied field in the country	Learning and growth	The process of identifying field of being unique	1. collecting and recording the research activities of students, professors and departments 2. the evaluation of departments according to the research scores
		Development and promotion of the applied field in the country	Academic credits	The process of developing and promoting field of being unique	1. To hold the national championships in the applied field and relationships with the research centers in the applied field 2. To hold the national and international conference in the applied field
Creation of incentive points for development of software capitals(the empowerment of existing personnel and the employment of new professor, personnel and students	The development of incentive points	1. The creation of sabbatical and academic tours for researchers 2. The increase of paper and research proposal incentives(cash and other kinds)	Academic credits	The incentive points development process	The appropriation of the excess outcomes to the relevant persons
		The increase of rewards, welfare and cultural services for professors and personnel (e.g. home services and the end of year bonus)	Welfare and cultural		
IT application and its institutionalization in key processes of the university	The preparation of hardware and software equipment	The reinforcement of IT department	Internal processes Financial	IT process	The creation of a supporting unit for solving the hardware and software problems
	Training of personnel	The reinforcement of personnel on-the-job trainings	Learning and growth		
Creating and equipment of the growth centers for converting the scientific results to saleable scientific patents	Creation and development of specific growth center	1. The creation of specific growth centers in the university 2. The national and international cooperation with research centers	Academic credits	Scientific patent creation process	To contract with an external growth center for selling the scientific patents

Step III. Fig. 2 illustrates the strategy map of the IAUS as the outcome of this step.

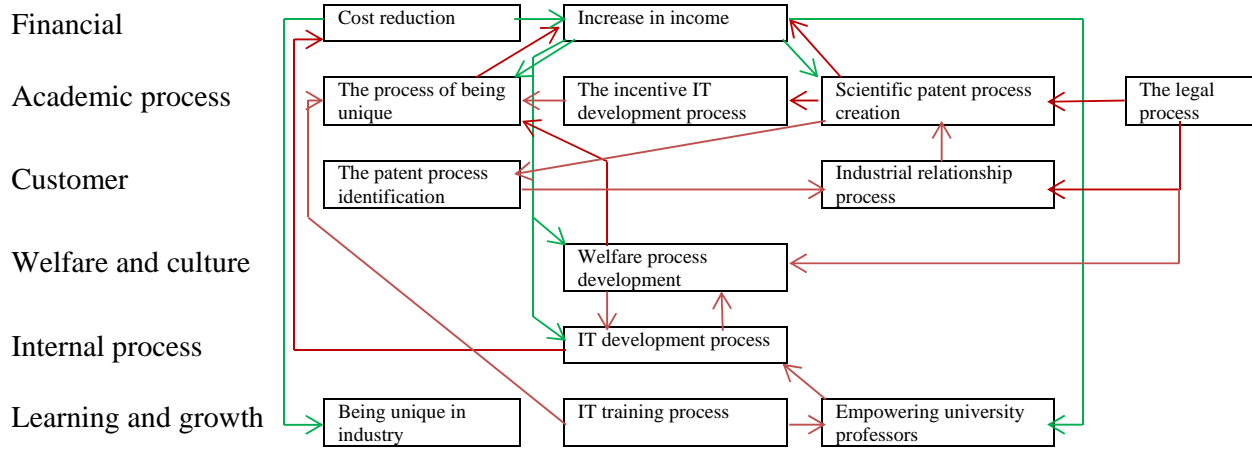


Fig. 2. The strategy map of the IAUS

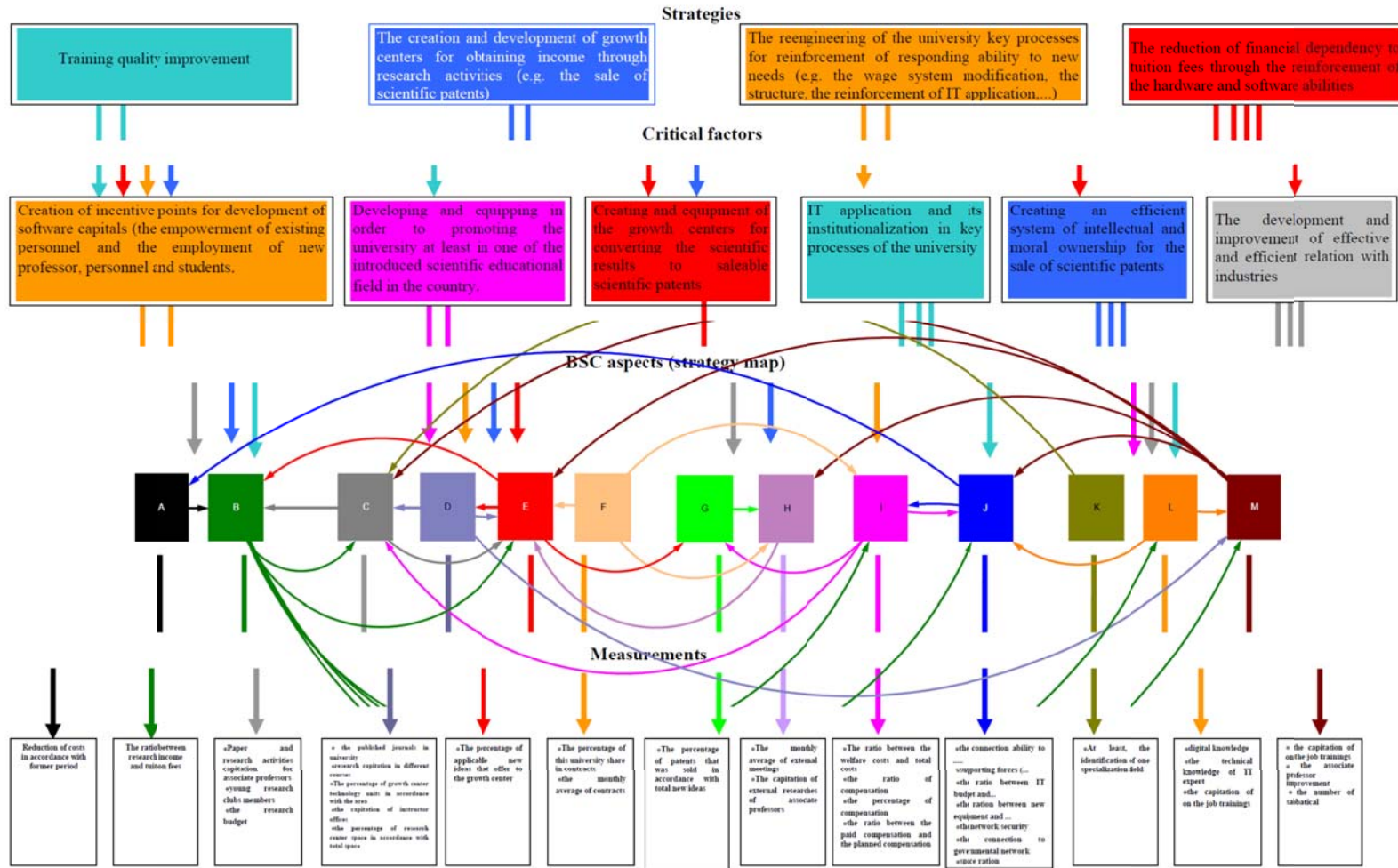


Fig. 3. The performance evaluation system of IAUS

Step IV. The key performance measurements of each value-added process of the IAUS are reflected in the low level of Fig 3.

Step V. According to the information acquired in former steps, the performance evaluation system of IAUS is introduced in Fig 3.

4. Conclusion

One of the main goals of this paper, according to the presented principles, has been the provision of a system for the performance evaluation in Islamic Azad University of Semnan. This system has been developed by strategy map and the result has been illustrated in a comprehensive diagram (Fig. 2). This diagram is practically covered all aspects of critical factors for the success and the strategies of Islamic Azad University of Semnan. In addition, the relationships between BSC's aspects, critical factors for success and value-added processes have been defined based on strategy map. These relationships are some bases for the performance evaluation, the ranking of strategy levels, the critical factors for success, value-added processes and performance measurements.

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