

THE BALANCED SCORECARD IN THE SOCIAL DOMAIN

Vărzaru Anca Antoaneta

University of Craiova, Faculty of Economics and Business Administration, A.I.Cuza, 13,
varzaruanca@yahoo.com, tel. 0722.368.988

Abstract: In the conditions, in which human resources are recognized as the main wealth of an organization, appears as a paradox the fact that all the implied disciplines in its activity are not ready to offer qualitative information in this domain. The accountancy, the finances and the management of which analysis and synthesis is generously when it's talked about material and financial resources, fix capital; they were in debt and never knew how to adapt to the new requirements generated by the social management. The apparition of the social scorecard to the management's initiative wishes to be a good start in the action of informational recovery connected by the human resources function and a signal towards the specialists of other disciplines, which have to involve in this kind of process. The present paper proposes an analysis of the social scorecard evolution and highlighting of the rules and principles which allow to each initiative in this sense to succeed.

Key words: previsional system, pay politics, social development, social climate, instrument of measure

I. The social information system and the balanced scorecard

Martory (2003) defines the social information system as "one of the information sub-systems of the organization, which is necessary to the human resources and managements' function for the good achievement of their mission". Peretti (2003) defines social balanced scorecard as "an assembly of simple or compound indicators, chosen to serve to the management of an organization's management in the human resources domain. The choice of the indicators, their degree of globality and the frequency of their change depend on the pursuit level. The most useful data compares the simple indicator with historic or prevision references."

Objectives. The objectives which the managers and the responsables of the human resources function are looking after through the implementation of a social balanced scorecard are multiple and contingent.

1. *The organization of the social management.* In numerous cases the social information contributes to the segmentation of the social management. Although it can be said that the social balanced scorecard determines the human resources management of an organization, it comes to increase and resolve of the main problems of organizing the social management, at least through defining the responsibilities and the hierarchy of the authority.
2. *The observation of the legal duties and the achievement of an essential minimum of the social management.* In the developed EU countries is compulsory the achievement of a social balanced scorecard for the organizations which exceed a number of 300 employees, but also the negotiation with the social partners or the answers that have to be offered to the organizations' administration of state locals or centrals, in case of other organizations. These duties have to represent the occasion to form a minimum informational system materialized in some essential tables.
3. *The endorsement of the decisional process in view to increase its reactivity.* The social decisions are most of the time submitted to the pressure of events, with the occasion of the negotiation with the internal or external partners. If we dispose of automatic operational information's system, the decisions can be taken fast and have a reactive character.
4. *The improvement of the previsional aspect of the human resources function.* The concernments of the human resources and financial management refer to two imperatives, the first one bounded by the complex prevision of the effectives and competences, and the second one of knowledge of wages' evolution and salary funds

5. *The achievement of some social balanced scorecards to the compartments' level*, with information that can be easily taken and put into the organization, obtained after precursory determined procedures and which can ensure their fast combination.
6. *The observation of specific restraints of social management*, in order to facilitate the decision in a changing medium. Studies realized by several researchers identifies five types of restraints, as administration of important data basis, respecting the confidential information, following an evolutionist legislation, acting in a simple and independent manner, editing various documents, proper to more receivers (tables, graphics, letters etc.).

Followed domains

The practice from social management relieved four main domains in which concerns offering information thus four main chapters of social balanced scorecards. The first chapter is *managements' effectives and of human resources*, which refers to the assembly of practices that points out "the right man in the right place". It refers to recruitment, effective's statistics', human resources demography, provisional management of personnel, knowing the potentials and careers' organization. The second chapter refers to the *management of social climate, of employee's compartments and of social dialogues' development*. The management of an organization imposes that it can be in measure to appreciate periodically the employee's behaviors and of its groups. *Appreciation of the performance and following the investments in training* represents the third informational pillar of the social balanced scorecard. The position of the employees as the main resource of concurrent advantages, explains the role of appreciation and it's inclusion through the main chapters of social balanced scorecard. On the other side the appreciation has multiples bonds with other main activities of human resources function, as remuneration and managements' career. Thus, *the scheduling and the highlighting of wages and social costs* form the forth chapter followed in this important instrument. The information refers most of the times to knowledge of financial engagements that concerns human resources, wage politics etc. All these instruments claim an accounting and financial information, autonomic compared to classical accounting systems.

The role of informational filter

The filtration of information's and its aggregation are more important as it's more useful on the hierarchical scale. The reserved data covers three progressive levels of selection:

- *data basis*, which represents a first selection of information useful to the socio-economic management and are archived on informatics support which allow automatic integration; it refers to wage and allow realization of an social-management following working time, being bounded by accountable basis and management control;
- *statistical documents*, which is a first selection and present in a coherent manner data basis on different themes; in case of human resources function is going to be realized an detailed analysis of effectives upon sex, categories, age etc, which will be available to the responsible of its' inner;
- *social balanced scorecard*, instruments which includes a selection and a presentation of the key information in view to take some decisions. For answering to this sort of objective it has to be easy to read, be very selective and adapted to every user.

II. Elaboration of the social balanced scorecard

The fact that human resources have certain inertness, meaning that it can't be transformed as quickly as other factors, as the materialists or financial ones, leads to the conclusion that the management of effectives and of competences deserves to lean on a prospective informational system but also on a complete pilotage. Social management is organized in three times that is of designing the objectives, realizing the activities and measuring the deviation, and the last one of preparing the following phases.

Designing a target suppose to fix some social and socio-economical objectives. It could be about reaching a lower level of absenteeism or realizing a development of wages planned in the beginning of the budgetary year. Information system formalizes and presents the objectives facilitating the elaboration of the social plan who can present the strategic choices of the unit.

The way to this target requires a periodic measurement of the deviations compared to the idealistic trajectory towards the objectives. In this environment the information system provides from one day to

another objective data which qualifies the environment evolutions. It allows the elaboration of some periodical indicators and provides information to the punctual studies which support the process of taking the social decisions.

Putting the rules into practice means the achievement of the trajectories for defining new targets, better and less inadequate in the conditions in which the environment changes and it's, most of the times, unpredictable with the realization of the provisions. This phase is essential for realizing the pilotage and requires the utilization of all the competences that the pilots have. The social balanced scorecards allow the determination of the deviations to the chosen objectives measures it and decomposes the significant ones among it. Thus options of social information are not the same in all the organizations, because their organizational and strategically options are different. In practice there are three progressive levels of implementation for the social balanced scorecards. The first level is the maiden in the organized construction of the social information and it refers to formalizing the mandatory data. The second and the third levels mark a progress, adding information and especially, realizing a bound and in thus a real system.

Level I, the essential minimum. In this first stage information are prepared which represent legal social obligations. The effort of realizing such a scorecard is big and supposes a presentation of some favorable data's for coming to a decision, a periodicity of work out which can be bigger than the one required by the legal obligations and a repartition of the information towards the concerned responsible. Thus is being set up a first structure of a social information system all round the social balance that is legal obligation. Thus a trading company with 280 employees from social and sanitary sector prepares a social balance. With this occasion it organizes a structure of social information that can allow comparisons with the same type of companies and prepare its legal obligations by the time of reaching the critical threshold of 300 employees. From this social balance it will be extracted significant data, as external mobility (turnover), pyramid of ages, remuneration levels, which will be included in the central balanced scorecard.

Level II, the transitional system. The main system is enriched with prospective character information, as projections on medium term of the personal effectives for the key components or foreseeing of wage fund, but more detailed, which can allow more profound analysis, as analyze of the difficulties on services, on personal categories, on time etc. *Level III, the advanced system.* It is characterized by a progressive integration of data concerning the fundamental aspects of the employee's management. Every decision that concerns the employees affects simultaneously all the social and economical equilibriums of the organization.

The social balanced scorecard - principles of formation and usage. The experience of some organizations that have successfully projected and utilized the social information system has permitted the highlighting some principles which ensures efficiency and pertinence of the social balanced scorecard:

1. Avoiding an initial informational surcharge, who weight the process of selection and refinement of data and who can determine the abandon of this type of project even from this phase;
2. Utilizing to the maximum information in the mandatory informational system, as social balance, pay system, legal documents etc and head working of the optimization process of the proportion between quality and costs of the selected data;
3. Scheduling the process' consolidation of selection and refinement of data to the level of localized structures, for it to be operational to the foreseen term; this is necessary for making the balanced scorecard to the high level, but also because this instrument is one who represents power and mobilizes compartments' responsible;
4. It does not have to be forgotten, also, that the ship is not sailed by the steering wheel, or the pilot and the balanced scorecard does not replace the strategic strength and the desire to realize an adequate social pilotage.

III. About the content and the relevance of the social balanced scorecard

Both literature and practice of human resources management (Mendoza and Taieb, 1988; Kaplan, 1998; Martory, 1999) relieve the structural variety of social information systems and specific social balanced scorecards and identifies six domains which answer most frequent to the requirements of the organizations.

The management of effectives and of structural changes. The object of this chapter aims to present a demographic analysis of human resources and of equilibriums that have to define, in view to avoid some

penury and redundancy of personnel. The human resources equilibrium is vital for the organization, and regards some more elements, as age, the distribution of competences upon compartments, the organization of some more elements mobility.

For the analysis and the assurance of these equilibriums are being utilized three groups of indicators:

- a first group aims the monthly situation of the effectives, disinterested of their type and the measurement is done in number of registered persons, allow of effective work-time;
- follow up the structure of the effectives, respective to their distribution upon categories, the analysis of employment indicators, structure upon age with the specified pyramids (the second group);
- the foreseeing of the effectives upon 1-3 years based on age pyramids and/or job matrices on type of job which are determined in the percent of achievement and more evident in difficulties of enlistment.

Management of competences. Balanced scorecard that is mentioned here suggests managing correctly the collective intelligence of the organization. As for the individual information it takes the form of a situation of competences to the admittance in the organization, of following the careers and the training stages. The information given by the balanced scorecard is quantitative in most of the part but also qualitative, which makes this instrument to allow the access, selection and exploitation of qualitative information.

Management of the remunerations and wages. The management of the remuneration system implies knowledge of a real evolutionist system: wage politics that makes the object of a periodical review, the equilibrium of the remuneration system itself, which has to be flexible due to the environment evolutions. Afore of a system in a continuous transformation, information has to be continue, and that is why this chapter is the most important. The groups of the most utilized indicators in the construction of a balanced scorecard are specific to:

- following the structures of individual wages, which concerns the rapport between basis wage, representative from the competences view, the remuneration of the manner in which the job is occupied, legal and contractual peripherals: participation, gains, retirement system, insurances system etc;
- following the structure of collective wages, meaning of remunerations upon categories, on age levels, on type of professions etc, going from periodic exam of medium wage, of median wages, of gauges between different levels of remunerations;
- examining the global evolutions of wages, more precisely following the different components of wage and explicit factors' of these evolutions.

The measurement and development of the collective intelligence. The restrictions of the investment process determines the organization to have information instruments that allow the management of the accumulation process of intelligence, instruments that will be included in the social balanced scorecard. These are:

- a) scheduling of the training, meaning the realization of some difficult adaptations between individual requirements and collective strategies, then the organization of the probations cater for legal frame and identification of some anomalous situations that concern the monthly individual frequency in stages of some persons;
- b) following intellectual accumulations realized through training by treasuring up of some competences levels;
- c) managing an investment in performance going from its results this tendency beyond the simple identification of the efficacy of some efforts in training.

The social climate. The degradations represent pertinent alert signals in measuring the social climate. The degradations represent significant alert signals according as are considered indicators in relation with the social climate. But even the notion of risk has to be taken and managed correctly. The risks appear shortly after the practices and social structures of an organization have significant losses in rapport with others. There is no secret that the social risks observed today are going to induct the developing of tomorrow's contra performance. Among specific inquiry of diagnosing the social climate or satisfying the employees, which are utilizable in more sophisticated balanced scorecards, in practice are being utilized more frequently three groups of indicators:

- a) for the conflict stage appear: number of days lost because of the conflicts, incidents, claims etc;
- b) the absenteeism will be reserved in its ensemble (number of hours and days of absence on a period of time) or through a good indicator of the climate, represented by the micro absenteeism, as for example, number of hours of reduced absence (under 2-3 days) related to the number of theoretical hours of work;
- c) internal or external mobility (turnover) is, for example, a rich indicator that has double sense, if it's to reduced indicates a situation of an exigent rooted ness on posts, routine and diminution of performances and if it's to high characterizes inopportune measures of leaving due to a management with problems or to an inefficient integration.

The measurement of the socio-economic performances

The evolution of the organizations in the complex environment nowadays reveals that the social performances from today will determine the future economical performances and will ensure the basis of ways long term development. Also, following the performances gives ways of realizing socio-economic benchmarking, more than necessary in the conditions of an acerb concurrence. Balanced scorecards will include indicators that measure the social efficacy (degree of reaching the objectives) and, if it's possible, social efficiency, referred to the rapport between the utilized capital goods and the obtained results. The best indicator of efficiency is considered the productivity of work, defined as a rapport between the values of the obtained production and the realized work volume. To numerator it can be used the turn-over realized, added value and to denominator it can be chosen between total costs of work, wage fund, hours of work.

Conclusions

The future of the social balanced scorecard reveals its addition with strategic indicators of value creation conditions. The most precocious model of "balanced scorecard", realized by Kaplan and Norton (1996), introduces an analysis of process that allows the explanation of performances or financial contra performances of the organization. To the origin of amelioration of performances the two authors design a representative pedestal of "employees' competences", which initiates the possibility of amelioration of process and guarantees creation of the value in time. These proposals and those of Epstein and Manzoni (1997) have determined sustain of a double demarche that regards to fill the balanced scorecard through strategic indicators on long term. First of all, it's about the developing of some quantification of social and organizational factors that determine the performances. In the second place, it's about measuring in time the offer of the investments in competence and organization. The additional indicators aim to measure a capital of individual and collective intelligences, and not the flux of performance that appear in the traditional social balanced scorecards. Thus this instrument goes beyond the role of sustaining the management and conduces to developing the creation of social added value in time.

Bibliography

1. OCDE, "Mesurer le capital humain. Vers une comptabilite du savoir acquis", Paris, 1996
2. Kaplan R.S, Norton D., "Le tableau de bord prosepctif", Les Editions d'Organisation, Paris, 1998
3. Martory B., "Les tableaux de bord sociaux", Nathan, 3^e edition, Paris, 1999
4. Mendoza C., "Mettre en place des tableaux de bord de gestion", Revue francaise de comptabilite, juillet-aôut, Paris, 1998
5. Sekiou L., Blondin L., "Gestion des ressources humaines", 2^e edition, Du Boeck Universite, Quebec, 2001
6. Taieb J-P., "Tableaux de bord de gestion sociale", Dunod, Paris, 1988
7. Weiss D., "Les ressources humaines", Les Editiond d'Organisation, Paris, 1999