


## Performance Evaluation & Reporting

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## CSR in Pakistan

- <https://www.youtube.com/watch?v=9FbTLzaejHM>
- <https://www.youtube.com/watch?v=eVxMXS7fOPc>

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## Organizational Management

- Measure performance
- Report performance


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## Performance

- What is good or bad performance depend on perspective
- What good performance actually consist of ?
- Measuring performance demand understanding of what precisely meant by performance?
- Evaluation of performance also takes place within a context

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## Performance Measurement

- Stakeholders performance
- Financial performance

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## Measures of Performance

- Quality of management;
- Quality of goods and services;
- Capacity to innovate;
- Quality of marketing;
- Ability to retain top talent;
- Community and environmental responsibility;
- Financial soundness;
- Value as long-term investment;
- Use of corporate assets.

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**Social Accounting**

- Measurement of socially responsible performance
- Appropriate measure and reporting techniques
  - a. The concern of investors
  - b. A focus upon community relations
  - c. A concern with ecology

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**Social Accounting**

- Measuring performance
  - a. Consumer surplus
  - b. Economic rent
  - c. Environmental impact
  - d. Non-monetary value

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**Model of Social Performance**

Fig 6.1  
Model for social performance

XAnalysis of Social Performance	
Statement of Social Income:	£
Value generated by the productive process	xxx
+ unappropriable benefits	xxx
- external costs imposed on the community	xxx
Net social profit / loss	xxx

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**Aspects of Performance**

- Measurement need following components
  - a. Language to express results
  - b. Specification of the objects to which result will apply
  - c. Standardization for transferability between organizations over time
  - d. Accuracy and control to permit evaluation

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**Balance Score Card**


- Financial perspective - how does the firm look to shareholders;
- Customer perspective - how do customers perceive the firm;
- Internal business perspective - what must the firm excel at;
- Innovation and learning perspective - can the firm continue to improve and create value.

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**BSC Terminology: Perspectives**

Financial or Stewardship	<ul style="list-style-type: none"> <li>• Financial Performance</li> <li>• Effective Resource Use</li> </ul>	
Customer & Stakeholder	<ul style="list-style-type: none"> <li>• Customer Value</li> <li>• Satisfaction and/or Retention</li> </ul>	
Internal Process	<ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Quality</li> </ul>	
Organizational Capacity or Learning & Growth	<ul style="list-style-type: none"> <li>• Human Capital</li> <li>• Infrastructure &amp; Technology</li> <li>• Culture</li> </ul>	


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**Figure 6.2**  
The Balanced Scorecard

Financial Perspective	Customer Perspective
Internal Business Perspective	Innovation and Learning Perspective


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The scorecard uses four perspectives from which to view the firm. These are:

- Financial                      How the company is perceived by the shareholders.
- Customers                      How the company is perceived by its customers.
- Internal                          What must the company excel at e.g. core competencies.
- Innovation & Learning              How can future value be created.


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## Environmental Audit


- Measure effect of organizational activities on external environment
- Environmental management system ISO 14000

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- The extent of compliance with regulations and possible future regulations
- The extent and effectiveness of pollution control procedures
- The extent of energy usage and possibilities increasing for energy efficiency
- The extent of waste produced in the production processes and the possibilities for reducing such waste or finding uses for the waste necessarily produced
- The extent of usage of sustainable resources and possibilities for the development of renewable resources

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- The extent of usage of recycled materials and possibilities for increasing recycling
- Life cycle analysis of products and processes
- The possibilities of increasing capital investment to affect these issues
- The existence of or potential for environmental management procedures to be implemented


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## Measurement of Performance

- Why measure?
- What to measure?
- Measurement is a comparative process that provide logic of measurement

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## Areas of Measurement

- Temporally by enabling the comparison of one time period with another;
- Geographically by enabling the comparison of one business, sector or nation with another;
- Strategically by enabling alternative courses of action and their projected consequences to be compared.


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## Why Performance Evaluation?

- For control
- For strategy formulation
- For accountability

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## The Evaluation of Performance

- Measures to evaluate performance
- Purpose of measurement
- Multi stakeholders and performance
- Sustainability and performance evaluation


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## Multidimensional Performance Management

Service profit chain: employees, customers & shareholders

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## Conclusion

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- Improved decision making within the organisation
- Better cost allocation, leading to improved decision making
- Better use of, and allocation of, resources within the organisation
- Improved operational performance
- Improved operational procedures, based upon greater understanding of the impact of activities
- Improved profitability, through either cost reduction or increased activity
- Greater support of investors and other stakeholders, through increased transparency or disclosure leading to greater confidence

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