

### **Proposal to Implement the Balanced Scorecard in a Non-profit Organization**

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#### **ABSTRACT**

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In this paper we aim to develop a Balanced Scorecard (BSC) model for a nonprofit organization whose activity focuses on the teaching of chess. In order to answer the research question, we have carried out a qualitative research based on the case study. Our study is characterized by a descriptive analysis. The results allow us to conclude that the BSC is a tool that will allow to define the strategy in a clearer and objective way, allowing a greater awareness of the importance of an internal organization that allows to reach the defined objectives through a set of initiatives. The study presents a contribution to the current state of knowledge, since we seek to provide the organization with a management tool that allows to measure its performance and the value it adds to society and to outline a consistent and sustainable long-term strategy. In addition, a theoretical basis is provided for subsequent research, evidencing the breadth of research on the topic studied.

#### **KEYWORDS**

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Balanced scorecard, management accounting, management control, non-profit organizations.

## **1. Introduction**

In the second half of the last century, managers began to doubt the capabilities of financial information to measure the real evolution of organizations. These doubts appeared at a time when it was beginning to enter the Information Age where knowledge became a "weapon" for organizations to outperform their competitors. In the Industrial Age, the success of organizations was largely due to the way in which they could benefit from economies of scale. However, as the years passed, the factors of information and knowledge made the importance of tangible assets on intangibles diminish (Kaplan & Norton, 1992, 2001b). Thus, aspects such as product quality, customer satisfaction, effectiveness in internal processes and employee satisfaction and competence have become key issues for the success of any organization (Niven, 2008).

Based on this idea emerged in the early 1990s a new management tool, the Balanced Scorecard (BSC), created by Robert Kaplan and David Norton, whose target was to measure the performance of organizations through the joint use of financial and not financial information. The authors developed a model that quickly came into practice in many organizations with great success and is still a tool adopted by many organizations (Kaplan & Norton, 1992; Niven, 2008; Wiersma, 2009).

At first, the BSC was used primarily in private sector organizations, however, nonprofit institutions emerged and started to adopt this tool with some success. Thus, over the last few years, several studies and investigations have been carried out on the application of BSC in nonprofit institutions that prove that this tool can bring benefits in terms of its performance (Kaplan, 2001; Manville, 2007; Martello et al., 2008; Gomes & Liddle, 2009; Júnior et al., 2012; Retolaza et al., 2012; Gonheim & Baradei, 2013; Machado et al., 2013; Seth and Oyugi, 2013; Pinto & Angius, 2015). As such, BSC can be a useful tool for these organizations to build strategy and organize and communicate operational activities (Kaplan, 2001).

The objective of the study was to propose a BSC model for a nonprofit institution, the Barcelos Chess Academy (AXB), where interviews, documents were analyzed and observations were made on the performance and behaviors of the organization, in order to build a viable model for this institution, applying the theory developed by Kaplan and Norton, from the definition of vision, mission, values and strategy to the construction of the strategic map. It was intended to find answers to the questions about the feasibility of

building the BSC in a small nonprofit organization and the benefits that this tool can bring to this organization.

In the light of the above, we structured the work in the following way: initially, briefly, some theoretical aspects regarding the characteristics of the BSC in nonprofit institutions. Subsequently, we present the empirical study carried out, highlighting the perspectives that make up the proposed BSC, as well as the main objectives, indicators, targets and strategic initiatives and the representation of the strategic map. Finally, we present the final considerations, limitations of the study and suggestions for future research.

## **2. Theoretical framework: the BSC in nonprofit institutions**

The nonprofit sector encompasses a set of organizations that can be private, voluntary, nonprofit or associations, and can take various forms and perform numerous activities (Anheier, 2005; Soldevila & Cordobés, 2012).

Nonprofit organizations are beginning to need to increase their competitiveness due to the growth of various organizations of the same gender. Many of them still use financial indicators to measure their performance (Kaplan & Norton, 2001b), increasingly feeling the need to include nonfinancial indicators to assess their performance and manage strategically.

The initial idea of Kaplan and Norton was to build a performance measurement model for organizations whose target was to make a profit (Kaplan, 2001). Thus, at the top of the BSC was the financial perspective that contained the most relevant financial metrics to see whether or not the organization was on track to make a profit. Later, the BSC was applied to nonprofit institutions with some success (Manville, 2007; Martello et al., 2008; Gomes & Liddle, 2009; Júnior et al., 2012; Retolaza et al., 2012; Gonheim & Baradei, 2013, Machado et al., 2013, Seth & Oyugi, 2013, Pinto & Angius, 2015). Profiting is not a primary target for nonprofit institutions, and therefore many have modified the original structure of the BSC, placing clients as a top-down perspective (Kaplan & Norton, 2001a).

One of the difficulties that Kaplan and Norton (2001b) found in these institutions was the inability to clearly define the organization's strategy. The authors stated that the documents that defined the strategy were rather lengthy and consisted of lists of programs

to implement, rather than the results to be achieved. The same authors consider that these organizations should put the mission at the top of the BSC hierarchy and define for it a longer-term, more comprehensive objective, as shown in the following figure.



**Figure 1.** BSC structure for nonprofit institutions (Kaplan, 2001: 361, adapted).

As we can see in figure 1, in nonprofit organizations the mission must be at the top of BSC's priorities, unlike for-profit organizations where the financial perspective is set. Following are two types of customers in the organization, those who pay for the services provided and those who receive those services. In the case of private organizations, there is only one type of customer, those who pay and receive the service, however, in this case a separation is necessary because many who pay may not be able to use the service (for example, pay the quotas). Because they are both important to the organization, they must come to the mission side by side.

Finally, there are the perspectives of internal processes and learning and growth that will be treated in the same way as in the original BSC idea.

The previous structure is just one example of how you can adapt the BSC to a nonprofit organization. Russo (2009) states that the BSC is able to adapt to different types of entities within the group of nonprofit organizations, allowing to rearrange the perspectives and even add others, according to the needs of each one.

Zimmerman (2007), in turn, propose a different way of building the BSC based on six categories. The first two categories are related to the financial perspective and refer to the fundraising and allocation of funds. In the third and fourth categories are the owners and users of the organization, which fit into the perspective of customers, and it is important

to maintain their satisfaction because they are the ones that make the organization "move forward". The fifth category, internal operations, is similar to the perspective of internal processes where the organization seeks to increase the efficiency of its processes. Finally, the sixth category, staff development, resembles the perspective of learning and growth where the target is to increase the skills and competence of employees.

For Micheli and Kernnerley (2015), when choosing a performance measurement model for nonprofit organizations, four aspects need to be addressed: first, it is important to note the differences between for-profit and nonprofit organizations in order to design a model that best suits the context of the organization. Second, it is necessary to identify stakeholders that relate to nonprofit organizations. Third, the main elements of the model and their cause-and-effect relationships must be identified. And, finally, the construction of the model must be complete but at the same time comprehensive and flexible, containing the main characteristics of the organization.

Soldevila and Cordobés (2012) state that nonprofit organizations should be managed using the same techniques as private and public organizations. Thus, the authors advise the use of BSC by these organizations because it is a tool capable of providing a global vision, facilitating its management. In fact, the importance of vision and mission statements in nonprofit organizations does not differ much from for-profit organizations. These statements are intended to define the purpose of the organization's existence and the expected future for the organization. Thus, the mission must be inspiring to motivate and guide employees in their functions (Anheier, 2005; Ronchetti, 2006; Niven, 2008). Drucker (1990) states that the mission should be the point at which the performance of nonprofits should begin and that it should meet what each stakeholder of the organization intends to obtain from the organization. Chen (2010) has a slightly different idea, stating that these organizations should focus more on their operational actions and not so much on mission and vision.

### **3. Empirical study**

#### **3.1. Methodology**

In order for investigations to be relevant and accurate, the investigator must clarify and justify all of his or her decisions regarding the conduct of the investigation. In order to do this, it is necessary to define the research method used as well as the data collection

process, which will not only increase the reliability of the results obtained but also help to understand how the research was carried out (Dresch et al., 2015). For the same authors, the researcher must choose the research method that best suits his/her study, that is, the most effective method to answer the previously defined research questions. In addition, the authors point out that the methods of data collection, such as interviews, documentary analysis, etc., should also be defined.

According to the main objective defined for our study, the same will be done following a qualitative investigation that focuses on "understanding the problems, analyzing behaviors, attitudes or values" (Sousa & Baptista, 2011: 56). Qualitative research is characterized by being carried out in a real and natural context where the researcher has an active role in the study, examining documents and interviewing the participants, giving the researcher the freedom to interpret the data in a freeway. In this type of research, the theme is approached in a general way, seen from several perspectives, considering several factors and using various sources of information, such as documents, interviews or observations (Creswell, 2009).

Our study is characterized by a descriptive analysis where the data collection will be based on observations about processes, attitudes and behaviors, and interviews with the organization's president who is also the mentor of the creation of AXB, being therefore the most suitable person to present ideas about the future of the organization. Within the descriptive analysis, the case study method was used because it is the one that best suits the research objective and which, according to Sousa & Baptista (2011: 64), "is an intensive and detailed study of a well-defined entity, a case that is unique, specific, different and complex. "

In the case study, the investigator has an "active participation in the life of the observed subjects and an introspective in-depth analysis (Lessard-Hébert et al., 2012: 169). It is a method that can be used both for simple studies and for more complex studies, allowing to understand how the object of study influences and behaves in the context studied, where the researcher answers the "how" and "why" questions (Baxter & Jack, 2008).

For Yin (2009), the case studies are one of the most challenging research methods for all social sciences. They can be used in several areas, such as psychology, sociology or education and can contribute to increase individual, organizational, social or political knowledge. The author also considers that the case study "allows to retain the holistic and significant characteristics of real-life events" (Yin, 2009: 4).

Regarding the method of data collection, two semi-structured interviews were carried out, each lasting approximately sixty and ninety minutes, respectively, where notes were taken on the interviewee's answers. The first interview was held on October 28, 2015 at AXB headquarters where topics such as vision, mission, values, strategy and SWOT analysis were addressed. The second interview took place on November 18, 2015, also at AXB headquarters, where topics related to the construction of the strategic map, objectives, indicators, targets and initiatives were discussed.

## 3.2. BSC proposal for a nonprofit institution

### 3.2.1. Characterization of the institution

The Association AXB - Academia de Chess de Barcelos (AXB) was created in October 2013 with the sole purpose of developing the chess modality in the municipality of Barcelos in Portugal. This project was born to suppress an existing fault in the county, an entity totally dedicated and thought for the chess and that interconnected the school and federated chess. The academy is based on training, believing that chess should be seen as an enriching activity for the young, and should be practiced not only for the benefits brought by "mental gymnastics" but for the fun that playing chess provides. Since its creation, AXB participates in the various events organized by the various entities, giving special emphasis to the tests for young people.

At the moment, AXB teaches chess in six primary schools in the municipality of Barcelos totaling almost a hundred-young people, in addition to about two dozen players who are members of the club and who represent it in the federated competitions.

In addition to training, AXB also organizes and participates in chess events. In 2014 and 2015 he organized the "Memorial Engineer Lima Torres", a tournament that attracted close to a hundred players. At the beginning of the summer of 2015 he organized, for the first time, the "Barcelos League" exclusively for all students of schools registered with AXB. Shortly thereafter, in September 2015, he also organized for the first time a national competition in collaboration with the Portuguese Chess Federation (FPX) and the Braga District Chess Association (AXDB).

3.2.2. Perspectives, strategic objectives, strategic map and cause-and-effect relationships

Regarding the perspectives of the BSC, and since it is a nonprofit organization, it was proposed that the traditional financial perspective be designated by financial resources perspective and that it be placed on the basis of the strategic map, because it is a means and not an end to be achieved by AXB. At the top of that map was the partners and players' perspective that replaces the traditional perspective of customers. The change of name is due to the fact that in these organizations there are those that we designate as partners, that is, they contribute to the quotas but do not enjoy the services of the organization and those that we designate of players, that is, that they enjoy the organization services, such as AXB players. In addition to these perspectives, the proposal for AXB also includes the traditional perspectives of internal processes and learning and growth.

The following strategic objectives are presented for each of the BSC's perspectives.

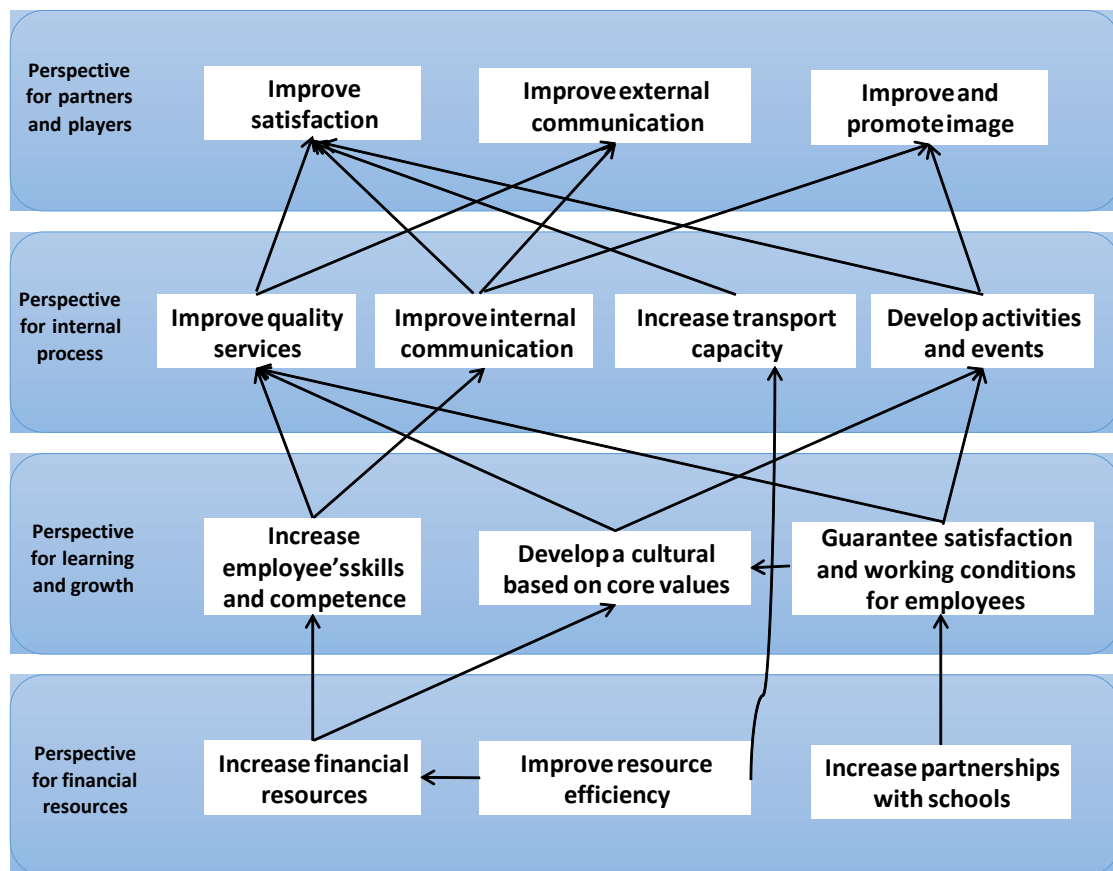
Perspective	Objectives
Partners and players	Improve satisfaction
	Improve external communication
	Improve and promote the image
Internal processes	Improve quality service
	Improve internal communication
	Increase transport capacity
	Develop activities and events
Learning and growth	Improve employee skills and competencies
	Guarantee satisfaction and working conditions for employees
	Develop a culture based on the values of the organization
Resources	Increase financial resources
	Increase partnerships with schools and public entities
	Improve efficiency in resource use

**Table 1.** Strategic objectives

In order for the organization to carry out its activities it needs financial and material resources, hence the basis of the hierarchy if it finds the perspective of the resources. Then, to use these resources effectively, it will require contributors who are satisfied and



with the most important competencies, which is the justification for the learning and growth perspective to be found immediately above. Once you have the resources and the necessary staff, you need to do the activities that the organization wants to accomplish. The internal processes perspective will measure the quality, quantity and organization of the services performed by the employees. Finally, at the top, we have the perspective of partners and players whose satisfaction is the most important target for the organization. We present the strategic map proposed for the organization, which was defined based on the Kaplan and Norton (2004) proposals:



**Table 2.** AXB strategic map (based on Kaplan and Norton, 2004).

From the perspective of financial resources, the objectives chosen take into account that this is a limitation that the organization must try to overcome by looking for alternatives and solutions that will increase resources and at the same time use them efficiently.

In terms of learning and growth perspective, the objectives are mainly to increase the competence and satisfaction of all those who collaborate with the organization in order to improve the processes of the organization.

From the perspective of internal processes, it was sought to define objectives that would guide the processes for the quality and increase of the services and also for a better coordination among the collaborators.

Finally, in the perspective of partners and players, the objectives are oriented towards their satisfaction, both in terms of the quality of services and in terms of communication and image of the organization.

Starting from the perspective of the bottom line, financial resources, we can see that the target of increasing financial resources will help improve the skills and competencies of employees, supporting them to attend courses, such as monitors or referees. On the other hand, the increase in financial capacity allows the purchase of new equipment for employees, for example, to give their classes with the highest quality possible, increasing satisfaction due to improved working conditions. In order to increase these financial resources, it will be necessary to achieve protocols with more schools and public entities. These protocols will also be very important in the aid that these institutions can provide at the transport level, since this is one of the major limitations of AXB. Finally, being effective in the use of resources will make the employees have to respect some of the values defined by the organization, namely responsibility, professionalism and quality and, thus, create the desired culture.

Turning to the next perspective, learning and growth, the first objective is to improve the skills and competencies of employees. Achieving this target will improve the quality of the services provided, namely the classes given both in schools and in the AXB itself and organization of chess activities and events. In the case of AXB teachers and coaches, it is important that they take the courses taught by FPX, which allow them to increase their ability to teach chess. In addition to improving quality, this target also allows staff to be able to assist in the organization of chess activities and events. By engaging them in these activities experience will be gained to perform important tasks. The next objective is to ensure satisfaction and the best conditions for employees. Satisfied employees will be more inclined to perform their tasks in a more competent and responsible way and this will be reflected in the quality of the classes and organized events. The aim is to involve and support employees in the most important tasks of the AXB by encouraging the sharing of ideas. For this constant and dynamic interaction to be possible, it is important to meet the next target of developing a set of values that are important to the organization.

These values allows employees to identify with the organization and can be a lever to increase motivation and, consequently, satisfaction and quality

From the perspective of internal processes, four objectives were defined. Improving the quality of services is obviously one of the most important objectives of the organization. With quality it is possible to keep stakeholders happy and to improve and promote AXB's image throughout the county and also at national level. With the organization growing, the complexity of processes is increasing, and for this, it is important that there is constant and effective internal communication. To reach this target, it makes the stakeholders look to the organization with more confidence knowing that there is an internal organization competent and able to respond to their needs. This objective seeks to create uniform and effective forms of communication to avoid problems caused by the lack of clear and objective information. The third objective relates to one of the limitations of AXB. With the increase of players joining every year from the schools, it is impossible to carry all of them to the most important competitions. In this way, AXB's target is to find ways to increase transport capacity, along with other entities and even those in charge of education, which will increase the satisfaction and motivation, especially for players who may have the opportunity to participate in more evidence and, consequently, evolve in chess. The fourth objective implies another of AXB's areas of expertise. In addition to training, this organization intends to organize tournaments and chess events, both at the district and national level, with the aim of promoting chess in Barcelos. In this way it is possible to improve and promote the work developed by AXB, both at the training level and at the level of the organization of events.

Turning now to the perspective of partners and players, which is at the top of the BSC, we have set three targets: improving satisfaction, improving communication and improving and promoting the image. The first target is to satisfy the partners and the players, because it is to serve them that AXB works. In order to achieve this objective, AXB will have to have competent employees who will perform their duties with quality. The second objective is to improve communication with the partners and players themselves, a factor that is relevant in any organization. The AXB will have to be able to use the appropriate means of communication to convey important matters such as dates of events or events, trying to pass the information in the clearest and most transparent way possible. The third, and last objective, aims at improving and promoting the image. This target will make it possible to get to know AXB and thus attract more members and

players in order to raise more revenues and make the organization more sustainable in the long term. The external image is one of the main concerns of AXB, which seeks to give an image according to the values already mentioned as quality, competence or responsibility.

### 3.2.3. Indicators for each strategic objective

The following table shows the indicators for each of the objectives defined in each perspective.

<b>Perspective</b>	<b>Objective</b>	<b>Indicator</b>
P1 Perspective for partners and players	Obj-1. Improve satisfaction	Ind-1.1 Level of Satisfaction (%) Ind-1.2 Voluntary exits (%)
	Obj-2. Improve external communication	Ind-2.1 Effectiveness of communication (%) Ind-2.2 Rapid response rate (%)
	Obj-3. Improve and promote image	Ind-3.1 Number of activities and events held open to the public Ind-3.2 Achievements

**Table 3.** Indicators for partners and players' perspective

The satisfaction of the members and the players of the organization is a very important factor to generate some revenue and also to improve the results of the players. The level of satisfaction and the percentage of voluntary exits of the partners and users are the indicators considered to know if AXB is working in the best way to maintain its partners and players.

As this organization is still recent, the processes and channels of communication with partners and players are still not very developed. Taking this into account, it was felt that improving communication will be a target to be achieved in this perspective. The indicators chosen were the effectiveness of the communication, ie whether the information reached all clearly and the rapid response rate to set a reasonable threshold for timely responses.

The third objective chosen was to improve the image of AXB, which will help increase the number of people interested in becoming part of the organization. To measure this target was defined the number of activities and events developed open to the public and

the achievements achieved during the season, which will greatly help to improve the image of the organization.

<b>Perspective</b>	<b>Objective</b>	<b>Indicator</b>
P2 Internal Process	Obj-1. Improve quality service	Ind-1 Number of registered complaints
	Obj-2. Improve internal communication	Ind-2.1 Effectiveness of communication Ind-2.2 Communication channels
	Obj-3. Increase transport capacity	Ind-3.1 Number of places available for transportation of athletes
	Obj-4. Develop activities and events	Ind-4.1 Number and type of organized activities and events

**Table 4.** Indicators for the internal process perspective

From the perspective of internal processes, four key objectives were defined for the organization's internal development. This perspective is considered important because it is a recent organization and, therefore, still needs to improve and increase its processes. The processes of internal communication, the capacity of transportation and the creation of events activities are examples of this. These three targets are a result of the need for adaptation that AXB has regarding the growth in the number of players enrolled in the club. Communication channels need to be broad, effective, and speedy so that information reaches everyone, transportation capacity has to keep pace with the growth in the number of players participating in tournaments and the creation of activities and events is important for the development of Qualities of the players, especially the younger ones, helping to further expand the name and image of the organization.

With regard to improving the quality of services, this is an equally important target, however, which is not directly related to the size and growth of the organization. In this case, the service that will have a greater focus on the AXB will be chess classes given both in schools and in the organization's own headquarters, with feedback from people, such as complaints, the indicator chosen.

Perspective	Objective	Indicator
P3 Learning and growth	Obj-1. Increase employees' skills and competences	Ind-1.1 % of employees performing various tasks
		Ind-1.2 Number of teachers with FPX course to teach chess lessons
		Ind-1.3 Number of employees with competence to assume the functions of referee
	Obj-2. Develop a culture based on core values	Ind-2.1 Number of occurrences where values are not met
	Obj-3. Guarantee satisfaction and working conditions for employees	Ind-3.1 Employee satisfaction rate Ind-3.2 Number of complaints registered

**Table 5.** Indicators for the learning and growth perspective

The objectives of the learning and growth perspective were defined based on three ideas: capacities, culture and satisfaction. In the first case, it was felt that all those involved in AXB, employees and players, should develop their skills continuously and perform various tasks making the use of human resources more effective. An example of this is the case of some more experienced players who help and teach younger players. With the increase in the number of young people entering the club and with the increase in the number of schools registered this need becomes even more important.

In the case of the development of culture is considered important not only for employees, but especially for young players of AXB. As the organization's mission focuses on young people, it is their duty not only to form good chess players but also to train people with essential human qualities, such as discipline, respect and team spirit. Together with the collaborators, the objective will be to create a culture where there is an environment of information sharing, friendship, competence and discipline. In this way, a survey must be made of all situations in which there is disrespect for the cultural values demanded by the organization.

Finally, the satisfaction and guarantee of the minimum conditions for players and employees to perform their functions with the highest quality possible is a target that must be continuous, hence the level of satisfaction and the number of complaints are the indicators chosen.

Perspective	Objective	Indicator
P4 Financial resources	Obj-1. Increase financial resources	Ind-1.1% increase in revenues
	Obj-2. Improve resource efficiency	Ind-2.1% of unnecessary financial expenses
	Obj-3. Increase partnerships with schools	Ind-3.1 Number of partnerships

**Table 6.** Indicators for the financial resources perspective

From the perspective of financial resources, three objectives have been defined that aim to give financial stability and growth capacity to the organization. In this way it is essential to increase the number of recipes by attracting members or raising donations, which will help to support the expenses of registering the players in the tests and the acquisition of materials to improve the qualities of the classes.

Knowing that it is a nonprofit organization and that the ability to generate revenue is limited, it is essential to use the financial resources as efficiently as possible. For this, the indicators that measure the percentage of the unnecessary financial expenses incurred in each year have been chosen. In this type of expenses can be included fines or registrations in tournaments outside the established term.

The target of increasing partnerships in schools is to help increase revenue as part of the amount paid by schools for chess lessons revert to AXB. In this way, the indicators of the number of schools with protocol with the organization allow to measure the financial performance.

#### 3.2.4. Targets for each indicator

In this step the targets defined for each indicator of each perspective will be explained, as well as the formulas that will be used to determine the values for each indicator. The deadline set by AXB's management to achieve all targets was three years.

Perspective	Objective	Indicator	Targets
P1 Perspective for partners and players	Obj-1. Improve satisfaction	Ind-1.1 Level of satisfaction (%)	>90%
		Ind-1.2 Voluntary exits (%)	<5%
	Obj-2. Improve internal communicatio n	Ind-2.1 Effectiveness of communication	Zero occurrences
		Ind-2.2 Rapid response rate (%)	>90%
	Obj-3. Improve image	Ind-3.1 Number of activities and events open to the public	>1
		Ind-3.2 Achievements	=>1

**Table 7.** Targets for partner and player perspective

To achieve the targets, the following formulas will be used:

- Ind-1.1 Level of satisfaction

$$\frac{\text{Number.of.satisfied.partners.and.players}}{\text{Total.of.partners.and.players}} \times 100$$

- Ind-1.2 Voluntary exits

$$\frac{\text{Number.of.voluntary.exits.of.partners.and.players}}{\text{Total.of.exits.of.partners.and.players}} \times 100$$

- Ind-2.1 Effectiveness of communication

Number of situations of information not received by partners and players = 0

- Ind-2.2 Rapid response rate

$$\frac{\text{Number.of.cases.that.the.response.lasted.less.than.1.day}}{\text{Total.reponses}} \times 100$$

- Ind-3.1 Number of activities and events open to the public

*Number of activities and events open to public*  $\geq 1$

- Ind-3.2 Achievements

This target will be met if achievements are achieved at national or district level, especially by the younger players.



Perspective	Objective	Indicator	Targets
P2 Internal Process	Obj-1 Improve quality services	Ind-1.1 Number of registered complaints	<5 complaints/year
		Ind-1.2 Level of satisfaction from schools	>90%
	Obj-2. Improve internal communication and image	Ind-2.1 Effectiveness of communication (%)	100%
		Ind-2.2 Fast response rate	>90%
	Obj-3. Increase transport capacity	Ind-3.1 Number of seats available for player transport	>50 places
	Obj-4. Develop activities and events	Ind-4.1 Number and type of activities and events organized (per year)	=>1 district competitions =>1 national competitions 1 interschool's competitions 1 internship 3 internal competitions

**Table 8.** Targets for the internal process perspective

To achieve the targets, the following formulas will be used:

- Ind-1.1: Number of registered complaints

$$\text{Number of complaints registered} < 5$$

- Ind-1.2 Level of satisfaction from schools

$$\frac{\text{Number of satisfied schools}}{\text{Total schools}} \times 100$$

- Ind-2.1: Effectiveness of communication

$$\text{Number of cases of information not received} = 0$$

- Ind-2.2: Fast response rate

$$\frac{\text{Number of cases that the response lasted less than 1 day}}{\text{Total responses}} \times 100$$

- Ind-3.1: Number of seats available for player transport

In this indicator the target will be successfully achieved when the AXB has the capacity to carry more than 50 players at the end of the next three years. This value is based on the prospect that each year, on average, there will be a growth of 10 players to participate in tournaments

- Ind-4.1: Number and type of activities and events organized (per year)

In this indicator, the target will be reached when each of the defined activities and events are organized by AXB. The district tests will be all those that are on the AXDB's side and the national tests will be all those that are on the FPX's side. The internships will be 2-3 days in which all AXB players gather to prepare for the main national and district races. Finally, the in-house tournaments will be only for AXB players.

Perspective	Objective	Indicator	Targets
P3 Learning and growth	Obj-1. Increase employee's skills and competences	Ind-1.1 % of employees to perform various tasks	>50%
		Ind-1.2 number of teachers with FPX course to teach chess lessons	100%
		Ind-1.3 number of employees with competence to assume the duties of referee	5
	Obj-2. Develop a culture based in core values	Ind-2.1 Number of occurrences where values are not met	<5/year
	Obj-3. Guarantee satisfaction and working conditions for employees	Ind-3.1 Level of employee satisfaction	>90%
		Ind-3.2 Number of complaints	<5/year

**Table 9.** Targets for the learning and growth perspective

To achieve the targets, the following formulas will be used:

- Ind-1.1: % of employees to perform various tasks

$$\frac{\text{Number of employees to perform various tasks}}{\text{Total employees}} \times 100$$

- Ind-1.2: Number of teachers with FPX course to teach chess lessons

$$\frac{\text{Number of teachers with FPX course}}{\text{Total teachers}} \times 100$$

- Ind-1.3: Number of employees with competence to assume the functions of referee

The target for this purpose will be met when five of its employees have been authorized by FPX to act as referee.

- Ind-2.1: Number of occurrences where values are not met

$$\text{Number of occurrences} \leq 5$$

- Ind-3.1 Satisfaction level of employees

$$\frac{\text{Number of satisfied employees}}{\text{Total employees}} \times 100$$

- Ind-3.2: Number of complaints

This target will be achieved when less than five employee complaints are recorded per year on any dissatisfaction with the performance of their duties.

Perspective	Objective	Indicator	Targets
P4 Financial resources	Obj-1. Increase financial resources	Ind-1.1 % increase revenue	>5%/year
	Obj-2. Improve efficiency in resources	Ind-2.1 % of unnecessary financial expenses	<5%/year
	Obj-3. Increase partnerships with schools	Ind-3.1 number of partnerships	>15 schools

**Table 10.** Targets for the financial resources perspective

To achieve the targets, the following formulas will be used:

- Ind-1.1: % de increase revenues

$$\frac{\text{Incomes}_N - \text{Incomes}_{N-1}}{\text{Incomes}_{N-1}} \times 100$$

- Ind-2.1: % of unnecessary financial expenses

$$\frac{\textit{Value of unnecessary spending}}{\textit{Total spending}} \times 100$$

- Ind-3.1 Number of partnerships

This target will be met when there are more than 15 schools with protocols with AXB to teach.

### 3.2.5 Initiatives to achieve strategic objectives

The initiatives that AXB has defined as essential to achieve its objectives are as follows:

- Increase support for participation in more tournaments;
- Conduct surveys to measure the satisfaction of partners, players and employees;
- Enable members, players and employees to express suggestions and criticisms anonymously;
- Make internal communications to improve communication and convey important information;
- Create a yearbook with all the published news about tournaments and events held throughout the year;
- Create a Moodle-like platform as a tool for sharing chess learning material for students;
- Post videos, interviews and photos to promote the work of AXB;
- Participate in events open to the public to promote and show the work developed by the organization;
- Provide AXB logo jerseys for players to use in tournaments;
- Improve some parts of the organization's institutional site;
- Acquire a projector to improve the quality of classes;
- Increase the number of meetings to discuss important issues;
- Seek more companies to increase transport capacity;
- Increase the number of tournaments in the Barcelos League;
- Organize the second edition of the Tournament City of Barcelos;
- Organize the Youth District Championship;
- Organize internships at Christmas, Easter and summer vacations for students to prepare for the most important tournaments of the season;

- Encourage the best and most experienced players and staff to improve their chess teaching skills by supporting them to participate in coaching courses;
- Encourage greater involvement of partners, players and employees in the organization's decisions;
- In order to satisfy its employees, AXB intends to communicate to them the objectives of the organization so that they feel identified with it;
- To increase revenue, AXB intends to develop partnerships with public and private organizations;
- In order to avoid unnecessary expenses, AXB intends to raise the awareness of the players and to appeal to the responsibility of each one when they commit to participate in the tests;
- Implement a system of fines for those who signed up for a tournament and ended up clearing it before the same tournament;
- In relation to schools, rather than increasing the number of partnerships, AXB intends to improve relations with the schools with which it already has partnerships and thereby increase the number of students in those schools.

#### **4. Final considerations**

At a time when the world is recovering from a global financial crisis, state aid to nonprofit organizations has begun to shrink, and therefore such organizations, whose financial capacity is already by nature limited, need a tool that monitors their performance in order to use the scarce resources as efficiently as possible.

For more than twenty years, the BSC has proved to be a tool capable of helping managers to outline a strategy for the organization, to communicate it to all employees and to promote organizational and cultural processes that are more conducive to organization (Kaplan & Norton, 1992, 1996a, 1996b, 2001a, 2001b; Pinto, 2007; Niven, 2008; Russo, 2009).

The objective of this work was to develop a BSC model for a nonprofit organization whose activity focuses on the teaching of chess among the younger ones. In this way, we tried to provide the organization with a management tool that allows us to measure its performance, the value it adds to society and to delineate a consistent and sustainable long-term strategy.

From this work resulted a set of relevant conclusions. First, there was openness and interest on the part of the organization for the development of the BSC, being aware that a tool was needed that would allow to monitor all the work developed by the organization. Secondly, the proposed construction of the BSC "forced" to define the vision, mission, values and strategy, aspects that were not explicitly defined until then and that allowed to create an identity for organization.

Third, during the construction of the strategic map, the division of objectives by the four defined perspectives has allowed a clearer and more organized understanding of the path that the organization must take to achieve its vision. In addition, the model gave rise to equally important and previously non-existent objectives.

Fourthly, the proposed implementation of the BSC has meant that there is a more in-depth reflection of the organization to the point where it is considered that there must be a great improvement in the internal organization in order to achieve the objectives and execute the defined initiatives. It was considered that the perspective of internal processes would be the one where the most important objectives would be achieved.

Given the above, knowing that this is a very recent organization and with some problems of internal organization, the BSC is an applicable tool, however it must be adapted to the level of complexity of the organization. Some organizations have a level of internal organization where there are, for example, different departments and where employees have specific and well-defined functions, which makes it easier to identify concrete objectives in a way. In the case in question, it is a simple organization with few employees and where most of them perform various tasks in different areas, making it more difficult to define concrete and specific objectives.

Given these factors, the application of the BSC in this organization should be simpler and more oriented towards improving the internal organization.

If AXB is interested in moving forward with the implementation of the BSC, it must first of all try to involve the largest number of people in this project, something that is harder to achieve in these organizations since, in general, people do not perform their duties in a timely manner and are not remunerated for that purpose. Taking this first step, we believe that the next step would be to share vision, mission, values and strategy, seeking consensus on these definitions. The next steps would be to analyze the perspectives, objectives, targets and initiatives. Once the whole BSC is analyzed, the next step will

have to go through the internal organization, through the assignment of specific functions and in an organized way, to all the people who are part of the project.

One of the limitations of this study was the fact that it is a small organization and, because there are not many studies in this type of organizations, it was difficult to find specific bibliography about the BSC study in these organizations. Another limitation, derived from the size and age of the organization, is that there are not certain documents, such as an organization chart that shows how AXB hierarchies are organized. Incidentally, there are no clearly defined departments or tasks whereby employees perform various tasks from different areas.

The fact that only one person was interviewed may be considered a limitation in that the sample may not be sufficiently representative of the management and collaborators, making the study less robust, that is, there may be other people in the organization with different perceptions regarding the characteristics. Finally, it is important to highlight the impossibility of testing the developed model, which makes it impossible to analyze the execution of the model.

In the future, research could be directed to a more in-depth study of the influence of the BSC on small nonprofit organizations, especially on the influence it may have on internal organization and external and internal communication of the entity. On the other hand, considering that in the study carried out only a proposal of implementation of the BSC for the AXB, we suggest the analysis of the effective implementation of the same, identifying the main critical aspects and benefits derived from its adoption.

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