Chapter 5

Balanced Scorecard in a Telecommunications Company:
As a Strategy Implementation and Performance Measurement Tool

Esmaeil Mostafavi
Telecommunication Company of Iran, Iran

ABSTRACT

In recent decades, telecommunication has been considered as an organization for socio-economic progress in the world. At the same time, increasing demand for telecommunications services has greatly contributed to the growth of this industry, so that the number of data service subscribers worldwide is over a billion, and thousands of new subscribers are added per minute. The main purpose of this chapter is finding strategic objectives and related key performance indicators considering each perspective of the balanced scorecard in data network sector of a telecommunications company in Tehran. The financial aspect has one objective, the customer and market perspective has six objectives, the internal business process perspective has 10 goals, and finally, the perspective of learning and growth has four objectives. According to the objectives, performance indicators are presented that are useful for performance measurement and strategy implementation.

INTRODUCTION

Continuous improvement of an organization depends on the organization's ability to measure and evaluate the performance of key processes of the organization. Organizations recognize the importance of stable and consistent evaluation and therefore have used various performance appraisal systems over the years. In addition, it is essential to review and monitor the performance of firms' processes and supply chains for the aim of setting strategic objectives. Thus, an organization needs an efficient model focusing on strategic management directs all elements of the organization towards organization's vision, and consider organization's performance currently and in the future as well. This comprehensive model can be balanced scorecard (BSC). One of the most important characteristics of BSC is establishing cause and effect relationships in four evaluation perspectives (Financial, market and customer, business process, and learning and growth) through strategy maps. A strategy map shows how to convert and transfer the organization's intangible assets to desired customer value and financial shareholders.

According to Khomba et al. (2012), industrial experiences in conducting BSC have been different in various parts of the world. For instance, in this case, Western world especially North America and Continental Europe, have experienced some success stories. In contrast, there are other countries including those from Africa that faced with numerous challenges and even failure regarding BSC model. It is stated that one of the reasons for the failure or success is the capability of top managers to understand and use the basic concepts of the model such as its socio-cultural foundations. Generally, management tools are relevant to the local belief system. Jabeen and Behery (2016) studied the status of corporate performance management in the Middle Eastern context including the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). Sawalqa et al. (2011) analyzed the state of implementation of the BSC among Jordanian industrial companies. As a developing country, there are lacks of publications about BSC implementation. Therefore, this study aims to contribute to the further development of relevant knowledge and provide a basis for further research in MENA countries.

Problem Statement

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