Implementation Plan of Key Performance Indicators Using the Balanced Scorecard Approach into the Management System of the Selected Company

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Introduction
Define the objectives and application methods used in the Master thesis.
I. Theoretical part

- Conduct a literature review in the field of corporate performance management and measurement with a focus on key performance indicators (KPIs) and Balanced Scorecard.

II. Practical part

- Analyse the selected company using strategic and financial analyses and the current utilisation of KPIs.
- Based on the analyses, propose the relevant KPIs to improve the financial performance of the selected company.
- Propose the implementation plan of the selected KPIs using the Balanced Scorecard approach into the management system of the selected company.
- Evaluate the risks and benefits associated with the implementation and formulate final recommendations.

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ABSTRAKT

Hlavním cílem diplomové práce je navržení plánu implementace klíčových faktorů výkonnosti (KPI) s využitím přístupu Balanced Scorecard (BSC) do systému řízení vybrané společnosti. Teoretická část nejprve shrnuje základní poznatky k problematice měření a řízení výkonnosti podniku, dále pak se věnuje vybraným modelům, které jsou v praxi využívány. Další část se věnuje klíčovým faktorům výkonnosti a přístupu Balanced Scorecard. V rámci analytické části je představena vybraná společnost, včetně analýzy stávajícího využití KPI ve společnosti. Následně je provedena strategická analýza společnosti včetně finanční analýzy. Na základě analýz jsou navržena relevantní KPI s využitím přístupu BSC a navržen plán implementace KPI do systému řízení společnosti. V závěru práce jsou definovány přínosy a rizika spojená s implementací.

Klíčová slova: klíčový faktor výkonnosti, Balanced Scorecard, plán implementace, strategická analýza, finanční analýza

ABSTRACT

The main objective of the thesis is to propose a plan for the implementation of key performance indicators (KPIs) using the Balanced Scorecard (BSC) approach into the management system of a selected company. First, the theoretical part summarizes the main findings on the topic of measuring and managing the company's performance, then it focuses on selected models that are used in practice. The next part deals with key performance indicators and the Balanced Scorecard approach. The analytical part presents the selected company, including an analysis of the current use of KPIs in the company. Subsequently, a strategic analysis of the company is performed, including a financial analysis. Based on the analyses, relevant KPIs are proposed using the BSC approach and a plan for implementing the KPIs into the company's management system is proposed. The paper concludes by defining the benefits and risks associated with the implementation.

Keywords: Key Performance Indicator, Balanced Scorecard, Implementation Plan, Strategic Analysis, Financial Analysis

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I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

Efficient performance measurement and management constitute integral facets of thriving business operations. Within today's competitive landscape, organizations depend on Key Performance Indicators (KPIs) as potent instruments for assessing, overseeing, and enhancing their performance. These KPIs yield valuable insights into diverse facets of a company's operations, facilitating judicious decision-making, goal establishment, and strategy enhancement.

More than ever now, the implementation of Key Performance Indicators (KPIs), the firm's strategy, tools, objectives, activities, and their measurement should function as the guiding force steering the company towards its envisioned destination - the vision and mission. The entire journey is aimed at guiding the process of implementing KPIs starting from introducing performance measurement and management till KPI design and implementation plan. Prior to the design and implementation of KPIs, it is imperative to conduct several analyses. For the design and implementation of Key Performance Indicators (KPIs), it is very important to do possible analysis. Through conducting a micro-environment analysis, macro-environment analysis, and financial analysis aids in understanding the current financial position and identifying areas for improvement, which in turn facilitates the design and implementation plan. Non-financial analysis assists in comprehending factors beyond finance that the company should prioritize and focus on. Create a KPI design by using Balanced scorecard help organizations to create a balanced and integrated set of performance measures that align with their strategic goals. The implementation of a Key Performance Indicator (KPI) plan can be organized into distinct stages to facilitate a comprehensive understanding of results in a step-by-step and detailed manner.

The objective of this Master's thesis is to enhance the performance of the chosen company by proposing the implementation plan of KPIs using the Balanced scorecard approach. The company has established overarching organizational goals, which are delineated in this thesis and remain consistent throughout the study. The thesis encompasses the design of Key Performance Indicators (KPIs) for all critical performance metrics, aligning them with the specific goals and perspectives of the company. While each objective is associated with its corresponding KPIs, the focus of this thesis is to determine the extent to which each KPI impacts the financial objectives.

OBJECTIVES AND METHODS OF MASTER THESIS PROCESSING

The objective of the Master's thesis is to do an implementation strategy for Key Performance Indicators (KPIs) utilizing the Balanced Scorecard methodology within a Satbions Food and Additives Private Limited situate in Kerala, India.

Firstly, conducting a literature review within the field of corporate performance management and measurement, with a specific focus on Key Performance Indicators (KPIs) and the Balanced Scorecard methodology. The literature review commences with a thorough exploration of performance measurement and management from various perspectives, followed by an examination of performance review processes. Subsequently, a succinct overview of different types of measurement models is provided. The final section of the review delves into a detailed exposition on Key Performance Indicators (KPIs) and the Balanced Scorecard methodology.

The practical component of the study involves conducting strategic and financial analyses of the chosen company, as well as an assessment of its current utilization of Key Performance Indicators(KPIs). In the strategic analysis, both micro-environment and macro-environment assessments are included. The micro-environment analysis encompasses an evaluation of customers, competitors, and a SWOT matrix. On the other hand, the macro-environment analysis incorporates a PESTEL analysis and a STEER analysis. The financial analysis section comprises three key components: horizontal analysis, vertical analysis, and the computation and interpretation of financial ratios. By doing strategic analysis help to understand the non financial condition, and by using financial analysis help to understand financial position of the company. Based on the analyses conducted, the proposal identify and recommend relevant Key Performance Indicators (KPIs) aimed at enhancing the financial performance of the selected company. After identification of relevent Key Performance Indicators (KPIs), propose an implementation plan for the selected Key Performance Indicators (KPIs) using the Balanced Scorecard approach within the management system of the chosen company.

I. THEORY

1 PERFORMANCE MANAGEMENT AND MEASUREMENT

As modern corporations emerged, performance management and measurement (PMM) became increasingly utilized to aid organizations in achieving their goals and fulfilling their mission (Bourne et al., 2018, p. 2, 3). PMM systems have been implemented to ease the execution of business strategies, foster alignment within and across organizations, maximize resource allocation, aid decision-making, and enhance overall performance (Van Dooren, Bouckaert and Halligan, 2015, p. 37, 38).

PMM is now seen as a set of management processes that are facilitated and put into action using tools and methods like scorecards, metrics, goals, performance evaluations, and incentives (Van Dooren, Bouckaert and Halligan, 2015, p. 37, 38). These are created centrally and then disseminated throughout the organization. This PMM approach reflects the perspective of organizations as interconnected systems, comprising various interconnected parts working together to achieve a specific purpose that cannot be accomplished by each part individually. (Bourne et al., 2018, p. 3)

1.1 Definition

Performance is described as the achievement of a specific task, evaluated against established standards of accuracy, thoroughness, cost, and speed.(Pulakos, Mueller-Hanson and Arad, 2019, p. 3). Performance Measurement involves gathering, analysing, and presenting data concerning the performance of an action (Pulakos, Mueller-Hanson and Arad, 2019, p. 3, 4). To develop and execute an appropriate Performance Measurement System (PMS) for a specific organization, several factors need to be considered before identify all the relevant factors. It is essential to recognize that the primary purpose of implementing a Performance Measurement System is to maximize the potential for enhancing the overall effectiveness of the business process. (Bititci, 2015, p. 19, 26)

Performance Management (PM) practices ought to be crafted to enhance performance in alignment with the organization's overarching strategy and objectives. It is a managerial approach that integrates and utilizes performance data for making decisions. (Bititci, 2015, p. 26, 27) Concepts like performance budgeting, strategic management, management by objectives, entrepreneurial budgeting all adhere to a common principle that should generate performance data and employ this data to guide decision making. (Bititci, 2015, p. 26; Pulakos, Mueller-Hanson and Arad, 2019, p. 6)

1.2 Purpose of Performance Management

Performance Management is an inherent aspect of effective management that plays a vital role in guiding individuals and teams towards achieving optimal organizational performance (Van Dooren, Bouckaert and Halligan, 2015, p. 7). It fosters a mutual understanding of objectives and outlines method for guiding and cultivating individuals, ensuring the attainment of these goals (Aguinis, 2023, p. 6, 7). The primary purpose is to contribute to achieving high performance for both the organization and its employees. High performance involves achieving and surpassing targets in quality, profitability, shareholder value, customer service and production. (Aguinis, 2023, p. 8) In addition, Performance Management enhance what is already good, establish a shared understanding of achievements, develop individuals' capacity to reach these goals, and give support and assistance for achieving high performance. (Aguinis, 2023, p. 8; Armstrong and Taylor, 2020, p. 62) By addressing underperformers, but it does so in a positive manner by offering the resources for individuals to enhance their performance. (Aguinis, 2023, p. 8; Van Dooren, Bouckaert and Halligan, 2015, p. 7, 8; Armstrong and Taylor, 2020, p. 62) Measuring performance involves evaluating business outcomes to ascertain the efficacy of the company's strategy and the impact of its operational processes. This enables adjustments to address shortcomings and other issues, e.g. assesses the financial as well as non-financial performance of companies, evaluates slow indicators and leading indicators and considers both subjective and objective aspects. (Hammer, 2014, p. 8)

1.3 Principles of Performance Management

Every employee desire direction, freedom to accomplish the work, and encouragement rather than strict control. The Performance Management system should primarily function as a control system only in exceptional cases. (Aguinis, 2023, p. 506, 507) The solution lies in transforming it into a collaborative development system. (White, 2017, p. 15) This can be achieved in two ways: firstly, by integrating the entire performance management system including feedback and coaching. Secondly, by having managers and team members discuss what is required to achieve greater success and advancement, thus moving towards strategic development. (Van Dooren, Bouckaert and Halligan, 2015, p. 8, 9) The primary principle of Performance Management and Measurement (PMM) lies in its ability to translate corporate objectives into personal, group, and divisional goals. Performance measurement stands as an essential practice for organizations, serving to precisely outline and attain their corporate

objectives. This process is continuous and forward-moving, cultivating a comprehensive grasp of the improvements needed for enhanced performance and the means to achieve them. (Armstrong, 2017, p. 20-22) PMM further encourages individuals to take ownership of their performance, applying universally to all staff members, and necessitating continual feedback loop.(White, 2017, p. 16, 17)

1.4 Significance of Performance Measurement and Management in Business Process

It has long been acknowledged that Performance Measurement and Management (PMM) are crucial for the effective and efficient management of any business. (Rothaermel, 2019, p. 25, 26). Performance Measurement and Management (PMM) helps control and improve performance by showing how well current performance matches what is expected (the standard). (McDavid, Huse and Hawthorn, 2018, p. 25) Performance Measures were perceived as a method for creating a strategic control system by aligning high-level, long-term organizational goals and objectives across different business units, functions, processes, teams and individuals (Bourne et al., 2018, p. 5, 6). This encompassed providing feedback on whether the plan was being executed as intended and if the outcomes were as expected (White, 2017, p. 20, 21).

The utilization of Performance Measurement and Management is often recommended to aid in strategy implementation and improve organizational performance. Performance Measurement and Management system is sometimes same as nerve system in the human body linking the business's mission with its goals, while being aware of the environment and enabling the organization to adjust as necessary. (Aguinis, 2023, p. 22) Performance management is a managerial approach that integrates and utilizes performance data for making decisions. Concepts like performance budgeting, strategic management, management by objectives, entrepreneurial budgeting all adhere to a common principle that should generate performance data and employ this data to guide decision making. (Rothaermel, 2019, p. 25) Performance measurement and management practices are now widely adopted across all sectors of industry and commerce (Aguinis, 2023, p. 6, 7).

1.5 Performance Management and Measurement from Different Perspectives

Management accounting has played a key role in creating performance metrics to aid managers in planning and overseeing their organizations. Traditionally, these measures have been focused on internal, overall financial performance metrics. The traditional performance measures for all companies, regardless of their industry, are rooted in their financial foundation. All actions taken to accomplish objectives inevitably carry financial implications. Without sufficient financing, strategies and the attainment of objectives cannot be implemented. (White, 2017, p. 5, 6) These are commonly referred to as traditional performance measurement methods. The most frequently utilized indicators are financial ratios, profitability ratios and efficiency ratios. In the mid-1980s, it became evident from theories and observational research that long-term success and persistence of companies cannot be solely attributed to optimizing shareholder wealth. Companies have a variety of stakeholders, and it is essential to generate value for all of them as well. (Zsidó and Fenyves, 2015, p. 52, 53) From other functions such as operations, marketing and human resource management have sought to develop measures of greater relevance to their areas of management. (Ivanov and Avasilcăi, 2014, p. 1, 2) For a long time, the emphasis was on overall financial performance measures concerning both the entire organization and its divisions. Metrics like Return on Investment (ROI) and Economic Value Analysis (EVA) are still heavily endorsed by active management accountants and consultants. (Haddadi and Yaghoobi, 2014, p. 1, 2) Furthermore, budgetary systems have served as a foundation for assessing how well organizations meet standard costs and overall financial objectives. But these metrics have typically been backward-looking, highly aggregated, and centred on the company's internal activities. The need for Performance Management Systems that can help managers evaluate the efficacy and efficiency in particular domains, like marketing, operations, and human resource management, has prompted those working in these areas to create performance metrics that are more pertinent to their management responsibilities. (Hammer, 2014, p. 2, 3)

1.5.1 Management Accounting Approach

Performance Measurement in management accounting focused on either using performance metrics to assess divisional and managerial performance or utilizing standard costing variance analysis to manage production activity. Even though profit-based metrics remained

recommended and utilized for evaluating managerial and divisional performance, there has been an argument that adverse effects of these metrics on decision-making could be mitigated by integrating profit-based measures with non-financial metrics. (Bititci, 2015, p. 26, 27)

1.5.2 Operation Management Approach

Operation management is a domain focused on the production processes, often known as manufacturing or production management. Operation management has emphasized the significance of creating performance measurement systems to directly measure the inputs, processes, and outputs of different functions like ordering, production, and delivery. Common approaches include production control systems and statistical process control, which use immediate and detailed measures of performance. (Bititci, 2015, p. 26, 27; Zsidó and Fenyves, 2015, p. 53, 54)

1.5.3 Quality Programmes

Connections among and beyond production processes, encompassing interactions with customers, suppliers, and other external stakeholders. Performance measurement systems are necessary to motivate managers and shop floor employees to concentrate on the essential aspects of efficient operations within TQM programs and to establish effective connections throughout the value chain. (Bititci, 2015, p. 26, 27)

1.5.4 Marketing

In the field of marketing, there have been various areas of research on performance measurement. This encompasses defining, modelling, and quantifying specific aspects of marketing like customer satisfaction and brand equity. Assessing effectiveness of marketing activity is crucial for total management process. To comprehend customer satisfaction, it is essential to grasp customer expectations, perceptions, and customer value. Customer perceptions of service quality may differ from those of management, this led to the creation of measures for internal business processes within the organization. These measures serve as drivers of customer perceptions and satisfaction. (Bititci, 2015, p. 27, 28; Katsikeas and Morgan, 2016, p. 1, 2)

1.5.5 Human Resource Management

Historically, Human Resource Management (HRM) emphasized personnel management, which concentrated on how managers oversee employees and foster their growth. In the past few decades, HRM has showed more comprehensive approach that aims to develop the entire management team with the goal of effectively managing all organizational resources including employees. There are numerous areas of PMM innovations introduced by HRM, in response to HRM concerns by management accountants. These innovations include balanced scorecard, multi-attribute utility analysis, creation of 360-degree performance ratings, accounting for human or intellectual assets, development of quantitative methods to evaluate HRM outputs, the Human Capital Index and intangible assets. (Bititci, 2015, p. 28, 29)

1.5.6 Environment and Social Consideration

Nowadays environmental and social considerations also impact the design and utilization of Performance Measurement Systems from operational, supply chain and strategic perspectives. There are many suggestions from several authors to combine green supply chain, environment management and corporate social responsibility practices over the whole extend of organization's performance measurement system. (Bititci, 2015, p. 29; Bititci et al., 2012, page 11)

1.6 Performance Review

The framework and activity of performance are complicated rendering measurement of performance quite challenging. (Higgins, Koski and Mitton ,2023, p. 37) A significant portion of the challenge arises from the need to define performance as actions that individuals actively engage in. (Narkunienė and Ulbinaitė, 2018, p. 125, 126) This specification eliminates the option of using existing outcomes (such as sales, defects, ROI) as benchmarks for performance if a significant portion of their variance is not managed by individuals. (Liu et al., 2015, p. 36, 37)

1.6.1 Purposes for Performance Review

It is widely acknowledged that performance review can serve one or more of various distinct purposes, and the intended purpose of measurement significantly affects the format of measurement, the outcomes of assessment, and the impact of assessment on future performance. (Liu et al., 2015, p. 37, 38) The purpose of research is the aim here is to gauge

the individual's "true score". On one or more dimensions of performance, with the objective of assessing the accuracy of selection processes, assessing the effectiveness of interventions designed to enhance performance. (Liu et al., 2015, p. 37; Narkunienė and Ulbinaitė, 2018, p. 126, 127). The next purpose is for high-stake evaluation, the significant stakes mentioned here involve decisions related to promotion, compensation, dismissal and so on. Both person and the firm have crucial interests in the outcomes of the assessment, and it can be anticipated that they would give substantial attention to their particular interests (Liu et al., 2015, p. 37, 38; Narkunienė and Ulbinaitė, 2018, p. 126,127). Self-managed performance improvement is another purpose of performance review. Although the performance goals are self-determined, the need for feedback on providing feedback for an actions and prevention of general evaluations stays unchanged (Narkunienė and Ulbinaitė, 2018, p. 128, 129) Last purpose is performance feedback and development. According to the literature on feedback for growth objective, feedback should be highly precise and tailored directly to the individual's performance. (Higgins, Koski and Mitton, 2023, p. 37). (Liu et al., 2015, p. 37, 38)

1.7 Future Challenges

In the present day, Performance Measurement and Management practices are prevalent across all sectors of industry and commerce. Nevertheless, as we progress deeper into the 21st century, there is a belief that the world as we perceive is undergoing to change. (Bititci et al., 2012, p. 15-17) Matters such as global warming, environmental concerns, and the sustainability of our planet are emerging as pivotal concerns for all, ranging from individual citizens and small businesses to multinational corporations, government servants and alike. Fuelled by swift advancement of technologies, the rise of global connectivity, and the breakdown of trade barriers, we are witnessing rapid transformations to how we organize and manage businesses. (Bititci et al., 2012, p. 15-17)

We have several challenges that can affect Performance Measurement and Management system in future. As technology use grows and systems become more interconnected, organizations are amassing large volumes of data. The task ahead is to navigate through this data to extract meaningful performance metrics without becoming inundated. (Bennett, Lance and Woehr, 2014, p. 227, 228) Given the swift pace of technological advancements, organizations must continually adjust their performance measurement systems. This necessitates an ongoing investment in technology and training to sustain a competitive

advantage. (Bititci et al., 2012, p. 16, 17; Bennett, Lance and Woehr, 2014, p. 227, 228) Next challenge is to combine financial metrics with non-financial metrics. Relying solely on traditional financial metrics is no longer adequate for assessing performance. The inclusion of non-financial metrics such as sustainability, employee engagement, and customer satisfaction present challenges in effectively integrating and balancing these diverse measures. (Bititci et al., 2012, p. 16, 17; Bennett, Lance and Woehr, 2014, p. 227, 228) Numerous performance challenges transcend individual departments and functions. Aligning and collaborating various segments of an organization to achieve common performance goals can be a daunting task, particularly within large and intricate organization. (Bititci et al., 2012, p. 17, 18; Bennett, Lance and Woehr, 2014, p. 228, 229) External conditions like global political circumstances, natural disasters, Epidemics can greatly affect performance. The increasing challenge lies in integrating and adapt into performance measurement system to reduce such risk. (Bititci et al., 2012, p. 17, 18; Bennett, Lance and Woehr, 2014, p. 229, 230)

2 SELECTED PERFORMANCE MANAGEMENT AND MEASUREMENT MODELS

Assessing the performance of an organization, whether in -profit or non-profit sector, is a subject that consistently draws the interest of numerous stakeholders. In recent years, due to the dynamic nature of the competitive environment, large number of organizations have shown significant interest in performance measurement. In studies of performance evaluation, models can be constructed based solely on financial factors or a blend of both financial and non-financial factors. Each model comes with distinct advantages and limitations. (Vu, 2021, p. 2299, 2300) These models have been utilized by various studies to evaluate performance according to the needs of managers within the unit. The primary function of Performance Measurement is to evaluate the organization's current position and assist managers in developing and implementing improved strategies. (Ivanov and Avasilcăi, 2014, p. 397)

2.1 DuPont Model

Calculating financial ratios is typically straightforward, which is the positive aspect. Shareholder value hinges on sound investment decisions. (Brealey, Myers and Allen, 2020, p. 743) In Dupont model, the DuPont equation breaks down Return on Equity (ROE) into three components: leverage, profit margin and asset turnover (Ivanov and Avasilcăi, 2014, p. 398). Profit Margin reflects the efficiency of a company in generating profit from its revenue. It is computed as the ratio of Net Income to Revenue. A high profit margin suggests that a company is adept at controlling its costs in relation to its sales, leading to greater profitability per dollar of revenue. (Brealey, Myers and Allen, 2020, p. 754) Profit margin serves as a metric for profitability, reflecting a company's pricing strategies and cost control effectiveness. (Bititci, 2015, p. 254; Marr, 2012, p. 53, 54) Asset turnover assesses the efficiency with which a company utilizes its assets to generate revenue. It is determined by dividing Revenue by Average Total Assets. A high asset turnover signifies that a company is producing more revenue for each dollar of assets it possesses. (Ivanov and Avasilcăi, 2014, p. 398) Companies with narrow profit margins often exhibit high asset turnover. Conversely, companies with higher profit margins generally experience lower asset turnover. (Ivanov and Avasilcăi, 2014, p. 398) Leverage indicates the proportion of a company's assets financed by debt as opposed to equity. It is computed by dividing Total Assets by Shareholders' Equity. (Higgins, Koski and Mitton ,2023, p. 38) A higher leverage ratio signifies that a larger

portion of the company's assets is supported by debt financing. Financial leverage pertains to the ratio of debt used by a company to finance its operations in comparison to the amount of equity utilized. A growth in financial leverage will result in a higher return on equity. (Saidi and Benmouffeki, 2021, p. 595-597; Higgins, Koski and Mitton ,2023, p. 38)

2.2 Performance Measurement Matrix (PMM)

Keegan, Eiler, and Jones introduced this model of performance measurement in 1989. (Hammer, 2014, p. 4) Due to its straightforwardness, it quickly became one of the earliest embraced models for measuring performance. This model is structured around a matrix that identifies four categories of performance, that is financial, non-financial, internal, and external. PMM is adaptable and simple model. (Ravelomanantsoa, Ducq, Vallespir,2019, p. 5030) While it may not encompass all performance attributes, it has the adaptability to accommodate various performance measures. This matrix offers comprehensiveness by integrating various types of business performance (Bititci, 2015, p. 255).

2.3 Strategic Measurement Analysis and Reporting Technique (SMART)

SMART, also referred to as the performance pyramid was developed to address the limitations of conventional, financially oriented performance measurement systems. The performance pyramid proposed by Cross and Lynch in 1989. it emphasizes the connection between an organization's strategy and its operations across four levels, which appear to align seamlessly in the pursuit of objectives. (Taouab and Issor, 2019, p. 102) The creation of a company's performance pyramid begins with establishing describing corporate vision at the initial level. The second level involves establishing both short-term goal and long-term targets. This operational framework of the business connects high-level strategic objectives to daily operational metrics. (Bititci, 2015, p. 256) While the performance pyramid encompasses both monetary and non-monetary measure it also involves incorporating corporate goals with operational performance metrics. (Taouab and Issor, 2019, p. 102) This pyramid combines strategic goal and operational performance aspects within a four-tier framework. The right side of the pyramid signifies internal efficiency measures and left side shows outward effectiveness measures (Bititci, 2015, p. 256).

2.4 Cambridge Performance Measurement Design Process

The establishment of the Cambridge Performance Measurement Design Process aimed to enhance the design of performance measurement systems. This process is outlined and documented in the format of a workbook. The primary contribution of this work is to demonstrate the integration of Internal and external, monetary and non-monetary elements aligned with the strategy to create a unified performance measurement system. (Bititci, 2015, p. 257) The framework can aid in recognizing contradictory performance indicators while also maintaining an equilibrium between internal and external metrics. (Bititci, 2015, p. 257; Neely, 2002, p. 174)

2.5 Business Excellence Model of the European Foundation for Quality Management (EFQM)The establishment of the Cambridge

The European Foundation for Quality Management (EFQM) was established in 1988 in Brussels as a non-profit organization with a European focus. Its founding members included Bosch, BT, Bull, Ciba-Geigy, Dassault, Electrolux, Fiat, KLM, Nestlé, Olivetti, Philips, Renault, Sulzer, and Volkswagen. The EFQM's objective was to enhance the competitiveness of European companies through excellence. (Bititci, 2015, p. 259) In 1991, the first European Model of Excellence, originally named the European Model for Business Excellence, was developed as the foundation for the European Quality Award. The current model known as the EFQM Model of Business Excellence underscores the significance of aspects related to business excellence. (Escrig and De Menezes, 2016, p. 2, 3; Calvo-Mora, Domínguez-CC and Criado, 2018, p. 6)

The EFQM Model of Excellence is built upon criteria designed to assess a company's journey towards excellence, namely leadership, strategy, people, alliances and resources and processes, products and services. The model is structured around enabling agents which signify how the company executes each of the sub-criteria, while the results demonstrate the outcomes the company achieves in various areas. (Neely, 2002, p. 174; Escrig and De Menezes, 2016, p. 2, 3) Agents and Results are the fundamental components that are interconnected through a cycle of improvement. (Escrig and De Menezes, 2016, p. 2, 3; Calvo-Mora, Domínguez-CC and Criado, 2018, p. 6)

2.6 Shingo Model

The Shingo model starts with a culture shaped by principles of operational excellence which fosters an understanding of how to align systems and tools (Carvalho et al., 2023, p. 402). The Shingo model is not an extra program or yet another program to implement. Instead it presents Shingo key principles as a cornerstone for sustaining present undertakings. (Sá et al., 2022, p. 4, 5) The model underscores the behaviours and customers within firms.

Guiding Principles - These principles are fundamental rules that promote an awareness of the outcomes of actions enabling more informed decision-making. e Shingo Model consists of 10 guiding principles structured around three dimensions. (Carvalho et al., 2023, p. 402)

Systems - These pertain to collections of procedures, process and individuals that interact with one another facilitated by the selection of tools that enable the execution of the Guiding Principles. (Carvalho et al., 2023, p. 402; Sá et al., 2022, p. 4, 5)

Tools – These encompass all the tools that enable and support the systems, facilitating the achievement of intended results. (Sá et al., 2022, p. 4, 5; Carvalho et al., 2023, p. 402)

Results - The outcomes achieved should reflect the Guiding Principles. Therefore, the optimal results will encompass those that are sustainable in the long term and show ongoing enhancements over time arising from ideal behaviours. (Carvalho et al., 2023, p. 402; Sá et al., 2022, p. 4, 5)

2.7 Performance Prism

The Performance Prism was designed to be adaptable and provide either a broad or a specific focus depending on the organization's requirements (Ivanov and Avasilcăi, 2014, p. 400). It consists of five interconnected perspectives that highlight crucial aspects: Stakeholder satisfaction - Who are the primary stakeholders and what are their desires and requirements? Strategies - What strategies must the organization implement to fulfil not just the desires and needs of stakeholders but also their specific requirements?; Processes – What processes does the organization need to implement to fulfil its strategy?; Capabilities - What competencies does the organization require to ensure the effectiveness of these processes?; Stakeholder contribution - What are the mutual needs and desires that the organization has from the stakeholders (Ivanov and Avasilcăi, 2014, p. 400; Bititci, 2015, p. 261)

The performance prism serves as a tool utilized by management teams to shape their thinking when determining the key questions that need to be posed.

3 DRIVERS OF PERFORMANCE – KEY PERFORMANCE INDICATORS (KPIs)

Newly developed complementary approaches deviate from solely focusing on accounting. They incorporate a broad spectrum of factors thought to influence future economic performance. (Ishaq Bhatti, Awan and Razaq, 2014, p. 1, 2; Anand and Grover, 2015, p. 1, 2) Key performance indicators (KPIs) are metrics that concentrate on the fundamental aspects of organizational performance crucial for both present operations and future success. (Parmenter, 2020, p. 7)

3.1 Measurement of Business Performance

The actions and efforts of managers are guided by the Performance Measurement System of an organization (Ishaq Bhatti, Awan and Razaq, 2014, p. 1, 2). Performance measurement is not a standalone objective, rather it serves as a tool for enhanced management effectiveness and carries strategic implications for resource allocation and utilization. (Anand and Grover, 2015, p. 1, 2) The objective of performance measurement has evolved from the static evaluation of a business's economic performance to a dynamic and forward-thinking model. (Melnyk et al., 2014, p. 1, 2) Organization assesses their performance for various reasons. The first reason is to assess Improvement. By monitoring performance, companies can quickly identify and address issues such as declining customer loyalty, decreasing profits, or employee talent defection. (Anand and Grover, 2015, p. 1, 2) By assessing performance also helps to check the progress of organization performance, if they are achieving their objectives or they need to make adjustment with budget. (Ishaq Bhatti, Awan and Razaq, 2014, p. 2, 3) The next reason is contrasting their performance against their competitors and industry standards. They can pinpoint weak areas and act to enhance their competitive edge. (Parmenter, 2015, p. 4, 5) By understanding the extent to which employees excel in achieving goals, managers can allocate merit-based rewards. (Ishaq Bhatti, Awan and Razaq, 2014, p. 2; Parmenter, 2015, p. 4, 5). Many companies assess performance to adhere to government regulations or international standards. (Parmenter, 2015, p. 4, 5).

Business performance can be described as the comprehensive gauge of the firm's capacity to meet the needs of its stakeholders. This is assessed through financial and operational indicators, utilizing primary data for measuring "subjective business performance,"

secondary data for "objective business performance," or a combination of both. (Parmenter, 2015, p. 4, 5; Kaganski et al., 2017, p. 1, 2; Haddadi and Yaghoobi, 2014, p. 1, 2)

In case of subjective business performance, a seven -point-scale was developed, that offers respondents a broad range of flexibility to compare business performance with competitors. The performance assessess across various aspects of the business, includes product quality, employee satisfaction, sales growth, market share, process innovation, return on investment, service quality, customer satisfaction, product innovation. (Parmenter, 2015, p. 4, 5; Nastasiea and Mironeasa, 2016, p. 46, 47)

In case of objective business performance, the performance measures with financial and non-financial indicators. It includes Return on Asset (ROA), Return on sale (ROS), Earning per share (EPS) and so on. (Nastasiea and Mironeasa, 2016, p. 46, 47) The indicators ROA, ROS, RONA, and EPS are be on the first dimension, which has been label as "Profitability" and represents the objective financial performance of the entity. The second dimension comprises two indicators: sales growth and asset growth. This factor has been named "Growth" and represents non-financial indicators. (Parmenter, 2015, p. 4, 5; Nastasiea and Mironeasa, 2016, p. 46, 47). Analyses conducted at the divisional level serve as a foundation for identifying, assessing, and choosing among various corporate-level strategies. (David, David and David, 2019, p. 193)

3.2 Identification of Objectives and Information Needs

Key Performance Indicators (KPIs) serve as quantifiable metrics that indicate a company's effectiveness in achieving its primary business objectives (Ishaq Bhatti, Awan and Razaq, 2014, p. 3). They are crucial for evaluating the success of an organization or specific activities it undertakes. KPIs provide a clear and measurable way to assess performance and track progress towards goals, offering valuable insights into the overall health and success of the business. (Kaganski et al., 2017, p. 1, 2) Defining objectives determining information requirements and establishing Key Performance Indicators (KPIs) is a methodical approach that entails harmonizing organizational aims with quantifiable measures. (Selvam et al., 2016, p. 90, 91) This method guarantees that a company can systematically track the progress, make well-founded choices, and adapt tactics as necessary to attain success. (Domínguez et al., 2019, p. 2-4) Here we are analysing the steps that involve identification of objectives and data needed for identification of suitable KPIs.

3.2.1 Defining Goals

Establishing goals entails defining precise targets that are in harmony with an organization's strategic objectives. These goals offer distinct guidance and quantifiable results for assessing performance. First and foremost, it is essential to grasp the organization's overarching strategic objectives. The objectives should be clear, quantifiable, feasible, applicable. Objectives established by an organization shall fulfil its mission (Nastasiea and Mironeasa, 2016, p. 47, 48). These are the top-level aspirations that propel the company forward, such as boosting market share, enhancing customer satisfaction, or improving operational efficiency. We can recognize the goals through understanding the plan and objectives of the company. By doing SWOT Analysis the company will get basic understanding about the strengths, weakness, opportunities and threats. (Nastasiea and Mironeasa, 2016, p. 46, 47; Li et al., 2020, p. 9, 10). By collecting stakeholder feedback and doing market research will help to define goals. (Nastasiea and Mironeasa, 2016, p. 46, 47; Li et al., 2020, p. 9, 10)

3.2.2 Information Needs

Information requirements means data that are need to assess advancement towards goal. Firstly, the information should be aligned with goals which means to ensure that the required information is directly relevant to the established objectives. Then find out the discrepancies of available information. This helps to identify what information is presently missing yet which is crucial for making decision and what information is currently being gathered via internal procedure. By considering outside sources like report from the market studies, client questionnaires will help to make the decision more precise and clearer. (Nastasiea and Mironeasa, 2016, p. 47, 48; Domínguez et al., 2019, p. 3, 4)

3.3 Right Data Collection and Analysis

Collecting and analysing Key Performance Indicator data is an essential component of Performance Monitoring and Assessment that allows project managers to monitor progress towards project goals and objectives, pinpoint areas for improvement and make well informed decisions. Gather data for each KPI using suitable methods. Ensure that the data collection process is standardized and systematic to ensure its accuracy, authenticity, and pertinence. (Domínguez et al., 2019, p. 4, 5) Input the data into a database or spreadsheet, ensuring it is well-organized and managed to ease analysis. Utilize suitable statistical methods, such as descriptive statistics regression analysis or hypothesis testing to assess the

data. Employ data visualization techniques or present the data clearly and succinctly. (Nastasiea and Mironeasa, 2016, p. 47, 48)

3.4 KPIs Design

Key Performance Indicators (KPIs) are metrics that indicate how well an organization is performing in a particular area (Anand and Grover, 2015, p. 5, 7). Each KPI represents a critical success factor, which is essential for achieving strategic objectives. Some organizations utilize various KPIs for different areas of their operations, while other enterprises concentrate their KPIs on specific aspects. (Abe, Jeng and Li, 2007, p. 2, 3) To establish an effective system of Performance Measurement, it is crucial to have clearly defined and standardized processes throughout the organization (Banelienė, 2021, p. 423, 424) In every organization, employees are aware of activities that hold significant for the management team. This understanding led to the development of set of indicators, known as Key Performance Indicators (KPIs), which represent the success of various business concepts. KPIs are both financial and non-financial metrics that organizations utilize to assess how successful they have been in achieving long-term goals. (Abe, Jeng and Li, 2007, p. 3, 4; Parmenter, 2015, p. 4, 5)

3.4.1 Characteristics

Key Performance Indicators (KPIs) should serve as a management tool to assess an organization's current performance and formulate strategies for enhancement. They should be implemented at the organizational level where there is both the authority and expertise to enact the necessary actions. Here are some common characteristics of KPIs. (Graham et al., 2015, p. 3, 4)

- KPIs should be linked to the manager or team accountable for achieving the measure's outcome and should be measurable, precise, and easily understood by all within the organization. These metrics should be derived from data that can be collected without excessive expense.
- A KPI is a non-financial indicator that does not express results in monetary terms and is measured on a frequent basis.
- KPIs are acted by top level management, clearly specify the action required from staff and have a notable impact.

- It is crucial that measurements be timely. A KPI presented to management that is more than a few days old is deemed ineffective. (Parmenter, 2020, p. 10; Haddadi and Yaghoobi, 2014, p. 2024, 2025)

Key Performance Indicators (KPIs) come in three types. First is process - KPI assess efficiency and yield. Second is input - evaluates the resources and assets employed to produce a company outcome. Third is output - quantifies both the financial and non-financial outcomes of business activities. Three main KPIs that managers use includes Return on investment (ROI), Economic value added (EVA), Market share. (Parmenter, 2020, p. 10; Li et al., 2020, p. 9-11).

3.4.2 Users of KPIs

Managers at every level within an organization have the ability to monitor Key Performance Indicators (Haddadi and Yaghoobi, 2014, p. 3, 4). These indicators allow them to evaluate how effectively their teams are achieving business objectives, whether performance is on the rise or decline, and how their team's performance stacks up against other units or groups in competing organizations. (Heesen, 2015, p. 70, 71) Some examples include: the CEO examines the return on investment or the cash flow of the company, a customer service manager monitors the quality of customer service through surveys and a benefit administrator tracks the number of claims processed by her team over current year and contrast it with the previous year. (Graham et al., 2017, p. 2, 3 ; Parmenter, 2020, p. 6, 7; Heesen, 2015, p. 70, 71)

3.5 KPIs Perspectives

Key Performance Indicators (KPIs) can be approached from diverse angles within an organization, each offering valuable observations into distinct aspects of performance. (Heesen, 2015, p. 63, 64; Parmenter, 2015, p. 5, 6) Some of the different perspectives are:

- Strategic perspective: KPIs from a strategic perspective are in line with the organization's overarching goals and objectives. (Haddadi and Yaghoobi, 2014, p. 2022, 2023) These could encompass metrics concerning market share, revenue expansion, customer acquisition, and profitability. Strategic KPIs assist senior management in evaluating the organization's progress towards its long-term vision. (Hristov and Chirico, 2019, p. 3, 4)

- Operational Perspective: This viewpoint centres on the everyday activities and processes within the organization. Operational KPIs may encompass metrics like production output, stock turnover, operational effectiveness and so on. (Zhu et al., 2017, p. 1, 2; Parmenter, 2015, p. 5, 6)
- Financial Perspective: Financial KPIs are crucial for assessing the financial health and achievement of the organization. These might encompass metrics such as revenue, profitability ratios, investment return and cash inflow/outflow and cost management. (Haddadi and Yaghoobi, 2014, p. 2022; Parmenter, 2015, p. 6, 7; Ishaq Bhatti, Awan and Razaq, 2014, p. 3131)
- Employee Perspective: Employee-related KPIs evaluate elements such as workforce morale, involvement, efficiency, and attrition rates. Indicators such as employee feedback questionnaires staff attrition absence from work can offer insights understanding into the effectiveness and morale of the organization's workforce. (Parmenter, 2015, p. 6, 7; Ishaq Bhatti, Awan and Razaq, 2014, p. 3132)
- Customer Perspective: KPI from customer perspectives includes satisfaction of customers, faithfulness and maintaining customers. Examples of customer-centric KPIs include indicators like Net Promoter Score (NPS, customer grievances, customer lifetime value (CLV). These KPIs aid organizations in comprehending their effectiveness in meeting customer requirements and anticipations. (Parmenter, 2015, p. 6, 7; Ishaq Bhatti, Awan and Razaq, 2014, p. 3131, 3132)
- Compliance and Risk Perspective: These KPIs revolve around ensuring the organization complies within statutory requirements while efficiently handling risks. KPIs in this category include metrics like regulatory conformity assessments, risk exposure levels, penalties and safety occurrences. (Parmenter, 2015, p. 6, 7; Zhu et al., 2017, p. 2, 3)

By taking into account these diverse perspectives, organizations can create a comprehensive set of KPIs that offer a holistic view of their performance across various critical areas essential to their success.

3.6 KPIs Evaluation

In strategic performance management the activity associated with evaluating and providing feedback on KPIs is crucial. Important aspects are establishing evaluation criteria and

conducting evaluations, implementing adjusted targets based on the evaluations and establishing a link between evaluation results and feedback, along with compensation arrangements. (Zhang et al., 2015, p. 120; Parmenter, 2015, p. 12, 13)

3.7 Limitations of KPIs

Key Performance Indicators (KPIs) serve as invaluable tools for assessing and quantifying the success of an organization or a specific endeavour (Parmenter, 2015, p. 12, 13). These metrics provide a clear, measurable way to track progress towards goals, offering crucial insights into performance and areas for improvement. Indeed, while Key Performance Indicators (KPIs) offer valuable insights, it's crucial for organizations to be mindful of their limitations. (Melnyk et al., 2014, p. 10, 11; Banelienė, 2021, p. 400, 404, 405) Here are some common constraints associated with KPIs: One significant limitation of Key Performance Indicators (KPIs) is their heavy reliance on quantitative data. This reliance may not always provide a comprehensive view of organizational performance. Aspects such as employee satisfaction, company culture, or brand perception, while crucial, are difficult to quantify and may not be adequately represented in traditional KPIs. (Banelienė, 2021, p. 400, 404, 405) Another notable limitation of Key Performance Indicators (KPIs) is the potential for subjectivity and bias in their interpretation. Different stakeholders may have varying perspectives on the same data, leading to conflicting conclusions or misunderstandings. This subjectivity can introduce bias into decision-making processes, impacting the effectiveness of KPIs as objective measures of success. (Melnyk et al., 2014, p. 10, 11) Complexity and overload present significant challenges when it comes to Key Performance Indicators (KPIs). Organizations may face difficulties in managing an excessive number of KPIs, which can lead to confusion and dilution of focus. When KPIs become too complex or numerous, it can overwhelm teams and hinder their ability to prioritize effectively. (Banelienė, 2021, p. 400, 404, 405) External factors pose another limitation to KPIs. Organizations often operate within dynamic environments influenced by external forces such as economic conditions, industry trends, or regulatory changes. These factors can significantly impact the relevance and validity of chosen KPIs. (Ishaq Bhatti, Awan and Razaq, 2014, p. 3133, 3134)

4 BALANCED SCORECARD (BSC)

The Balanced Scorecard (BSC) is a chosen set of measurable metrics derived from an organization's strategy. (Kaplan and Norton, 1992, p. 71, 72) The Balanced Scorecard converts strategy from theory into action. It is not just evaluation system, but also a guiding tool for converting strategy into activity at all tiers of the organization. (Hasan and Chyi, 2017, p. 87, 88) It has proven to be effective as a cornerstone of good management practice, extending beyond mere measurement and scoring. Organizations that develop competencies for the future while succeeding in the current challenges are meeting the demand for balance. Organizations that grasp the concept of balance recognize and leverage both internal and external factors when evaluating their strategy. (Higgins, Koski and Mitton, 2023, p. 6) Some organizations tend to focus solely on the internal aspects of their business, believing that HR and IT should be consolidated to attain economies of scale and maximize resources. (Hasan and Chyi, 2017, p. 87, 88; Aryani and Setiawan, 2020, p. 65, 66). On the other hand, others think that every department should be responsible for the resources they have influence over.

4.1 Characteristics

The primary goal of the Balanced Scorecard (BSC) concept is to address the limitations of traditional performance measurement tools. It aims to translate business strategies into key performance indicators (KPIs) to achieve a balance between short-term financial performance indicators and non-financial factors. (Hasan and Chyi, 2017, p. 87, 88) This balance is crucial for guiding the organization towards improved competitiveness and long-term sustainability. (Aryani and Setiawan, 2020, p. 65, 66) The model identifies optimal values that serve as essential elements for achieving overall performance. (Benková et al., 2020, p. 4-6) Among other characteristics belong: (Hannabarger, Buchman and Economy, 2007, p. 16, 17; Aryani and Setiawan, 2020, p. 65, 66)

- This approach is appropriate for managing business strategy, it employs a shared language across all levels of the organization and utilizes a common fundamental to oversee day-to-day operations and structure the company's plan.
- It is designed to pinpoint and oversee business processes and it acts as a communication medium, ensuring that every member of the organization comprehends the strategy and their contribution to its achievement.
- Multidimensional - It takes into account diverse viewpoints (financial, customer, internal processes, learning and growth) to offer a well-rounded assessment of the

organization's performance and provides equilibrium between certain conflicting forces in strategy (internal and external, financial and non-financial goal, cascades to all level of organization). Moreover, it synchronizes strategic goals with objectives, targets, and metric. (Hannabarger, Buchman and Economy, 2007, p. 16, 17; Aryani and Setiawan, 2020, p. 65, 66)

4.2 Origin of Balanced Scorecard

The Balanced Scorecard was developed by Robert Kaplan, an accounting professor, and David Norton, a consultant. (Zizlavsky, 2014, p. 211) In 1990, Kaplan and Norton conducted a research study to numerous firms to develop new method of performance measurement. (Ayoup, Omar and Abdul Rahman, 2016, p. 86, 87) The companies studied, along with Kaplan and Norton, were certain that relay only on performance measure was impacting the capability to generate value. They discussed multiple potential alternatives but ultimately decided on the concept of a scorecard that includes performance measures tracking activity from the organization -interest of shareholders, activities of employees, internal business process, customers problem. (Madsen and Stenheim, 2015, p. 24, 25; Zizlavsky, 2014, p. 211)

Throughout next four years, several organizations adopted the concept of Balanced Scorecard and experienced instant results. Kaplan and Norton found that the organization not only using supplement financial strategies along with balanced scorecard for future performance with the enabler of performance but also effectively conveying the strategy through indicators chosen for the balanced scorecard. As the scorecard became increasingly prominent among organizations worldwide as a pivotal tool in strategy implementation, Kaplan and Norton sum up the concept and insights up to that moment in their book, "The Balanced Scorecard". (Madsen and Stenheim, 2015, p. 24, 25; Zizlavsky, 2014, p. 211, 212; Swierk and Mulawa, 2014, p. 822)

4.3 Balanced Scorecard as a Measurement System

Many firms which are expert in Balanced Scorecard framework, besides conveying strategy and gauging progress, serves what the authors described as a 'Strategic Management System' (Zizlavsky, 2014, p. 211, 212). As the scorecard system's original intent was to balance historical financial figures with future value drivers for the firm, organizations increasingly found it to be a crucial tool in coordinate short-term actions with strategy. In this manner,

the scorecard helps to alleviate many of the challenges associated with effective strategy implementation. (Awadallah and Allam,2015, p. 90, 91).

Customer-centric businesses utilize non-financial indicators and balanced multi-criteria systems for assessing their performance. (Kaplan and Norton, 2006, p. 6, 7) The Balanced Scorecard concept is an extensive framework where each organizational unit must align its actions to achieve specific objectives in accordance with the defined business strategy. (Benková et al., 2020, p. 3). The primary goal of the Balanced Scorecard (BSC) concept is to address the limitations of traditional performance measurement tools. It aims to translate business strategies into key performance indicators (KPIs) to achieve a balance between short-term financial performance measured through financial indicators and non-financial factors. (Kaplan and Norton, 2006, p. 6) This balance is crucial for guiding the organization towards improved competitiveness and long-term sustainability. (Van den Berg and Pietersma, 2014, p. 55)

4.4 BSC Perspectives

The Balanced Scorecard functions as a theoretical framework that coverts an organization's vision to performance indicators over four perspectives: learning and growth, customers, internal business processes and financial. (Higgins, Koski and Mitton, 2023, p. 39) Some indicators are retained to serve as metrics for the long-term progress of an organization in pursuit of the vision although others are preserved as yardstick for the long-term critical success factor. (Al-Hosaini and Sofian, 2015, p. 27)

4.4.1 Financial Perspective

The Financial Perspective concerns the organization's long-term objectives. Kaplan and Norton (1996) conclude the financial perspective as encompassing quick growth, durability and harvesting. In the growth stage, measurements focus on sales volume, while sustainability emphasizes return on capital employed, net profit rate, and similar metrics. The harvest stage involves analysing cash flow. (Higgins, Koski and Mitton, 2023, p. 39) In essence, financial measures are comparable to those used in measuring performance traditionally. (Van den Berg and Pietersma, 2014, p. 55)

4.4.2 Customer Perspective

The customer perspective assesses the satisfaction level of customers with the organization's products or services. This perspective can be subdivided into two: market percentage and

customer loyalty and customer acquisition. (Niven, 2014, p. 8, 9) Market share indicates the proportion of sales for particular product compared to the total sales of that product in a specific market. It can be assessess in terms of revenue from sales, sales and the number of customers. (Al-Hosaini and Sofian, 2015, p. 45, 46) Customer retention focuses on retaining existing customers. By keeping existing customers reflects their fulfilment level. (Van den Berg and Pietersma, 2014, p. 55) Customer acquisition targets new customers. It is assessing total of new customer with total customers. This demonstrates the level of appeal of our product. (Niven, 2014, p. 8, 9)

4.4.3 Internal Business Processes Perspective

Internal business process focusses on improvement of the production process the item itself. Kaplan and Norton (1996) developed three fundamental internal business processes the innovation process aims to identify customer priorities in order to adapt manufacturing operations for the production of desired products. (Niven, 2014, p. 9, 10) Customer priorities can be determined through market surveys, which can be measured by the frequency of conducting market surveys. (Ayoup, Omar and Abdul Rahman, 2016, p. 86; Kaplan and Norton, 2006, p. 6) The operational process starts with receiving an order and concludes with delivering the product or service to the customer. (Higgins, Koski and Mitton, 2023, p. 39) Key metrics include the count of on-time deliveries and the number of unresolved customer queries reported. (Ayoup, Omar and Abdul Rahman, 2016, p. 86; Niven, 2014, p. 10, 11) The company's relationship with its customers does not conclude when the product is delivered. This marks the end of the initial phase of the relationship and the commencement of the second phase, which involves warranty and maintenance tasks. (Al-Hosaini and Sofian, 2015, p. 45, 46)

4.4.4 Learning and Growth Perspective

The learning and growth perspective assesses the extent to which human resources can meet forthcoming demands. This perspective emphasizes that organizations must invest in their human capital to realize their long-term financial objective (Kaplan and Norton, 2006, p. 7, 8). Kaplan and Norton (1996, p. 6, 7) believed that the goals of this perspective were employee satisfaction, workforce retention and productivity. (Al-Hosaini and Sofian, 2015, p. 45, 46) Employee satisfaction can be assessed through regular surveys, while labour turnover is an appropriate measure for retention. Employee productivity can be evaluated based on revenue from sales each employee generates. (Ayoup, Omar and Abdul Rahman, 2016, p. 86; Niven, 2014, p. 10-12)

4.5 Strategy Map

The measures for the Balanced Scorecard originate from the goal appearing on the Strategy Map, which acts as a clear and direct t conversion of organization strategy. Performance measures act as a potent monitoring tool, yet without the advantage of a clear and compelling strategy map, much of their contextual value is diminished. (Van den Berg and Pietersma, 2014, p. 55) The strategy map conveys our strategic goal however performance measures embedded within the Balanced Scorecard help us monitor progress, ensuring we stay on course. (Lueg, 2015, p. 34)

The four-perspective model outlining an organization's strategy for creating value offers a framework that management teams can utilize to engage in discussions regarding their enterprise's direction and priorities. (Kaplan and Norton, 2006, p. 6) They can perceive their strategic metric not as isolated performance indicators across four distinct perspectives, but a series of cause-and-effect connections among objectives within the four balanced scorecard perspectives. (Hannabarger, Buchman and Economy, 2007, p. 38; Lueg, 2015, p. 34).

The strategy map offers a prescriptive checklist for strategy elements and their relationship. If a strategy is lacking an element from the strategy map template, it is likely to be imperfect. (Lueg, 2015, p. 34; Hu, Leopold-Wildburger and Stroh Hecker, 2017, p. 3, 4) The strategy map rooted on various principle. Strategic equilibrium contradictory forces, allocating in intangible assets for long-term revenue expansion always clashes with reducing expenses for immediate financial gains. The primary goal for private sector organizations is to achieve sustained growth in equity value. This commitment implies a focus long term. On the other hand, the organization must demonstrate improved short-term results. (Kaplan and Norton, 2004, p. 2, 3; Lueg, 2015, p. 34, 35) The strategy is founded on a distinctive customer value proposition that are, to create sustainable value creation and satisfying customer is the main source. This strategy necessitates a clear articulation for specific customer segments and value required to satisfy them. (Kaplan and Norton, 2004, p. 2, 3; Lueg, 2015, p. 34, 35) Value is generated through operational procedure. In the strategy map and Balanced Scorecard, the financial and customer perspectives describe the desired outcomes which is what the organization aims to achieve. To enhance shareholder value is achieved through growth in revenue and productivity enhancements. Additionally, there is an increase in the company's share of customer spending, driven by customer acquisition, satisfaction, retention, loyalty, and growth. (Lueg, 2015, p. 34, 35; Hu, Leopold-Wildburger and Stroh Hecker, 2017, p. 3, 4)

4.6 KPIs Linkage with BSC

Balanced Scorecard (BSC) outlined by Kaplan and Norton, presents a method for measuring success and establishing objectives from both financial and operational perspectives. Using these metrics, leaders can oversee their strategic vision and adapt it as needed. (Hayati, Sari and Lazuly, 2018, p. 7, 8) The Balanced Scorecard connects performance indicators by examining a company's strategic vision through four distinct perspectives: Financial, Customer, Learning, and Internal Business Processes. Each of these perspectives is examined across different parameters, which encompass the goals necessary for achieving success and Key performance indicators (KPIs) are metrics that will be utilized to ascertain the attainment of success. (Hannabarger, Buchman and Economy, 2007, p. 38, 39) The relationship between strategic objectives is referred to as a cause-and-effect relationship. The relationship between exists between one objective and another, or between one KPI and another. (Hu, Leopold-Wildburger and Stroh Hecker, 2017, p. 3, 4)

4.7 BSC Benefits and Drawbacks

When considering the advantages and challenges related to implementing the BSC, it's crucial to remember that the BSC is not a fixed concept. Its meaning can vary for different stakeholders operating in diverse organizations or contexts. Consequently, the BSC can be implemented as a "Performance Measurement System" or as a "Strategic Management system. (Madsen and Stenheim, 2014, p. 32)

4.7.1 Benefits

Associated with Balanced Scorecard (BSC) is its capacity to offer a holistic view of an organization's performance. By integrating both financial and non-financial metrics, the BSC provides a balanced perspective that aids in comprehending how different facets of the business are contributing to overall success. (Madsen and Stenheim, 2014, p. 32) This holistic approach offers a balanced perspective that helps in understanding how various aspects of the business are contributing to overall success. Here are some common benefits of BSC. It empower management to oversee strategic aspect, clearly convey the unique contribution of each member, explore the advantages that can arise from investing in competence development, strengthening client relationships, and advancing Information Technology (IT), facilitate the creation of systematic learning opportunities, encourage employees to understand that not all choice will yield immediate benefits or cost reductions, refine and clarify the organization's plan and vision, transform the organization's plan and

strategy into tangible actions and array of metrics that inform the attainment of objectives and the reasons behind the outcomes achieved. (Gomes and Romão, 2014, p. 3, 4; Madsen and Stenheim, 2014, p. 32, 33) Moreover, other benefits include enabling internal communication of the strategy, enhancing the utilization of existing resources, promoting the attainment of objectives without creating imbalances among key performance indicators, aligning strategic plan with short, long, medium term goal, connecting them to the corresponding yearly financial plan. Additionally it encouraging the visualization technique and oversee the outcomes attained, enabling teams and all members in the organization to focus on its strategic priorities, consensus within an organization regarding strategy is vital, conversion of plan into operational terms, the budget-strategy relationship enables the alignment of financial resources with the strategy, alter strategic objectives and simple model that adheres to the fundamentals of performance evaluation. (Zizlavsky, 2014, p. 218; Ayoup, Omar and Abdul Rahman, 2016, p. 86)

4.7.2 Drawbacks

The Balanced Scorecard (BSC) is a popular Strategic Management tool utilized by organizations to convert their vision and strategy into tangible objectives and metrics. Despite its many advantages, the BSC also presents limitations that organizations should consider. Understanding these limitations can help organizations mitigate potential challenges and use the BSC more effectively as a strategic management tool. Here discussing some limitations of BSC. The cause-and-effect relation between the measurement area - BSC does not imply a generic cause-and-effect relationship, it does recommend incorporating the most crucial areas. The concept of incorporating time as a dimension in the Balanced Scorecard (BSC), the Balanced Scorecard (BSC) does not explicitly refer to the time dimension in its implementation as a management measurement system, the verification or confirmation of the Balanced Scorecard's effectiveness. (Madsen and Stenheim, 2014, p. 32) The reason for concentrating on a limited number of measures in the Balanced Scorecard (BSC) is to prevent information overload. The BSC is not just a collection of measures for spotting problems. Emphasizing a few key measures in the BSC is about pinpointing and assessing the actions needed to enhance desired outcomes, the connection or relationship between the strategic (top) and operational level. Kaplan and Norton stress that the Balanced Scorecard (BSC) measures should be integrated into the information systems of all levels within the organization. The key aspect of developing the Balanced Scorecard (BSC) is the

organization's capability to articulate its strategy and vision in concrete terms. (Gomes and Romão, 2014, p. 3, 4; Awadallah and Allam, 2015, p. 94-96).

4.8 BSC Trends and Future Directions

Because numerous environmental and social issues are non-financial and frequently impact an organization, especially in the long term, both scholars and practitioners view the BSC as a suitable tool for addressing sustainability concerns. There are three perspectives linked with BSC. (Kumar et al., 2023, p. 31, 32) They are Instrumental theories, Social and Political theories and Normative theories. In instrumental theories they view environmental and social issues as critical components of economic success. Where the management of social and environmental issues is perceived to enhance competitive advantage or improve a firm's efficiency. (David, David and David, 2019, p. 334) The social and political perspective highlights the necessity for companies to address societal expectations to uphold their 'license to operate' and ultimately flourish. Social and Political theory, centres on the connection between organizations and their societal environment. (Awadallah and Allam, 2015, p. 94-96; David, David and David, 2019, p. 334) The third theoretical foundation is normative or ethical. In normative stakeholder theory, the firm is perceived as having responsibilities to a broader range of groups beyond just shareholders. In normative stakeholder theory asserts that all stakeholders possess normative legitimacy, and consequently, organizations have moral obligations towards them. (Kumar et al., 2023, p. 31, 32)

5 THEORETICAL PART SUMMARY

The first chapter begins with performance measurement and management. Here the thesis discusses about the importance of performance measurement and management system in an organization in this modern corporation and also explaining the benefits of implementation of PMM system. By giving detail explanation about performance, performance measurement and performance management separately, will get an idea about what each word means. Purpose of PMM gives an idea about why should we implement PMM in a firm. The principles and importance of PMM are explained further. Next section deals with different perspectives of PMM. Usually, performance is measured only in monetary terms. Here the chapter explains different perspectives including monetary perspectives.

Next chapter deals with performance review. The chapter explains the importance of performance assessment in an organisation and how it should be conducted. It also gives an idea of the rationale for performance appraisal or review. Nowadays corporate world is very dynamic and unpredictable. Dealing with this unpredictability will be more challenging. Explaining the future challenges in performance measurement and management helps to identify what challenges need to be addressed in the future. Many kinds of performance measurement models to measure the performance exist. Some of these are discussed in the following chapter.

The next chapter deals with Key Performance Indicators. This section provides an explanation of KPIs and why we should focus on KPIs. By giving an explanation about importance of identifying the organization's goals and collecting relevant data, helps to understand how they relate to KPIs. The proper method of data collection and analysis is also explained. The next section deals with the design of key performance indicators. It explains what KPI design is, the characteristics and users of KPIs. Later this chapter discusses the different perspectives of KPIs. This chapter explains the six perspectives of KPIs. The last part of this chapter deals with KPI evaluation and limitations of KPIs.

The last chapter deals with the Balance Scorecard. The first part explains the BSC and its characteristics. Later, giving a small history of the concept and explains why the BSC is considered a measurement system. Then, the four basic perspectives of the BSC are discussed. Then the idea of a strategy map and its principles are introduced. In the next section, the link between the BSC and KPIs is presented. The last part of this chapter discusses the benefits, limitations and future trends and directions of the BSC.

II. ANALYSIS

6 INTRODUCTION OF SELECTED COMPANY

Satbions Food and Additives Private Limited is a non-governmental company, incorporated on 12 Nov, 2007. It's a private unlisted company and is classified as company limited by shares. Company's authorized capital stands at Rs 500000 and has 100% paid-up capital which is Rs 500000. Satbions Food and Additives Private Limited has been deeply entrenched in the food manufacturing industry for the past 17 years, maintaining active operations to this day.

Company Name: SATBIONS FOOD AND ADDITIVES PRIVATE LIMITED

Company Category: Company limited by shares

Class of Company: Private

Date of Incorporation: 12 Nov 2007

Location: Peroor, Kerala, India

Activity: Manufacturer of food products

Main products: Chocolates, cashew spread with chocolate, peanut spread

SatFoods is committed to revitalizing the art of chocolate manufacturing. Among the few in Kerala, they stand as a company that produces chocolate directly from the bean, a rarity in India. Additionally, they are unique in India for crafting cashew spread with chocolate. Employing vintage European equipment and methods, SatFoods endeavours to create the finest chocolate possible. The company's vision is to advance the craft and commerce of premium flavor cacao and exquisite chocolate, by promoting quality, innovation, and sustainable sourcing. And the mission is to bolster members' enterprises and institutions through communication, networking, and educational initiatives. The company values PEOPLE as its most valuable asset, recognizing that skilled and motivated individuals yield outstanding results. QUALITY is the ultimate goal of all internal processes. The company conducts all affairs with the highest standards of personal and corporate ETHICS. The challenge of competitiveness drives the dedication to remain at the forefront of TECHNOLOGY in every aspect of the business. To achieve continual growth of the company while upholding the highest standard.

7 ANALYSIS OF CURRENT UTILIZATION OF KPIS

The company is not using any Key Performance Indicators to measure performance. Usually, they do financial analysis to know the progress. By analysing income statement, balance sheet and cash flow statement, company get an overall view about companies' financial status.

By using some benchmarks like average growth rate, profit margin, company can compare with other company from same sector. By doing survey, help the company to know about customer satisfaction level which give insight to satisfy client expectation and also it helps to get an idea about employee turnover rate.

Because it's a product centric firm, the quality metrics like defects rate and return also help to measure the performance.

8 STRATEGIC ANALYSIS

Strategy analysis is an essential aspect of strategic management within a business. Strategy analysis encompasses evaluating an organization's existing strategy and formulating recommendations to enhance or adjust it for improved performance and competitiveness. This process involves assessing the effectiveness of the current strategy, identifying areas for improvement, and developing actionable steps to achieve strategic goals. Efficient strategy analysis not only assesses the organization's current strategic standing but also serves as a blueprint for future success. Through ongoing refinement and adaptation of strategies based on thorough analysis and feedback, organizations can stay competitive and realize their long-term objectives. Strategy analysis includes micro environment analysis and macro environment analysis.

8.1 Macro-Environment Analysis

Macro analysis examines the broader external factors that can influence the organization but are typically outside its direct control. It aids in comprehending the industry environment, market trends, and the overarching economic, social, political, and technological landscape. There are many tools or framework available for doing macro environment analysis. Here we are considering three methods which are PESTEL analysis and STEER Analysis.

PESTEL analysis analyses political, economic, social, technological, legal and environmental factors. In this firm political analysis related with government policies. The company is situating in a place with unstable political scenario. Differences in the policies of various political parties can have significant impacts on society, the economy, and businesses.

An economic macro-environment analysis often encompasses the identification of trends in Gross Domestic Product (GDP), employment levels, consumer spending patterns, monetary policy decisions, fiscal policy measures, and inflation rates. The social macro-analysis primarily focuses on identifying trends in the beliefs, behaviours, values, norms, and other characteristics of societies. Here the company is situating in a place where people are really care about working time, family structure, behaviour towards them and so on.

Technological macro environmental analysis includes updating facilities according to technology development. The machines they using for production and packing, availability of product in online so on. Environmental macro analysis analyses factors like the region that the company situating and doing their trading, the standards and agreement which

affects company's profitability. Climate changes and customers give more attention to environmentally friendly products will also affects the profitability of the firm. This company is situating in a village area.

All the production and distribution process are done by considering the behaviour of this area where it located. Here the factory is in a flood affected area during August and September. This area is facing difficulties due to heavy rain and flood. It affects company' production, availability of materials and distribution. Now India is facing water scarcity in most of the regions. By considering this, the company is planning implementing water recycling project to reduce water waste and also using solar energy to save energy.

When it comes to waste management, they follow state policies and regulations to deal with it. Legal macro analysis analyses safety laws, data protection, intellectual property right and so on. Here the company's brand is registered under IPR and company's financial data are available from online, anybody can access data by paying certain amount to the government and the data is protected using legal protection measures.

Next macro-environment analysis is STEER analysis. This analysis framework is utilized to evaluate the socio-cultural, technological, economic, environmental, and regulatory factors that influence a company. Socio culture analysis consider consumers taste and prefers, attitude towards different kind of products and growing demand for socially responsible products. Here the company using product ingredients by considering all kind of customers. They also focus on socially responsible products.

Technology analysis include news technology and equipment usage to improve efficiency and effectiveness. By using websites and online trading helping company to increase sales. In economic analysis as we discussed earlier it affects all the economic.

Changes in the cost of ingredients, transportation cost, economic downturns could impact the company's profitability. Environmental analysis deals with all the environmental condition that the company facing now. Regulatory analysis deal with changes in the rules and regulations and how it affects to the company.

After few incidents happened in India related to food safety, now rules related to food and labelling become more strict and rigid. It affects company's production and getting delay for new product approval.

8.2 Micro-Environment Analysis

The micro-environment of an organization refers to its immediate surroundings which exerts a significant influence on the company. Despite the term "micro," it does not imply insignificance. Issues within a company's micro-environment typically impact the company itself rather than the entire industry. Monitoring and analysing all elements of the micro-environment is crucial for any organization. Here we are considering three elements specifically, customers, competitors and stakeholder and SWOT matrix.

Customers analysis very important because in every business plan we have to consider this factor. These analyses provide view about targeted market, to understand customer needs and how we can meet the needs. Here the company targeting average and above average customers.

By considering response about the product from retailers and online, the company made some changes in their product to give more satisfaction to the customers. Competitive analysis involves identifying organizations in the market that provide similar products or services. A successful competitive analysis enables an organization to view itself from the competitor's and customer's perspective, identifying areas for improvement and strategic advantage.

Stakeholders encompass all individuals, whether internal or external, who are engaged with a project or organization. Stakeholder analysis involves identifying these individuals and then organizing them into categories based on their roles and interests within the project or organization. Here owners and management are same people they deal with capital investment, investment decision, decisions related to expansion.

Employees are the other important factors. In the case of this company employees are usually completing their task according to the specified criteria. If they need any improvement in any area they usually inform the management without hesitation. By giving training and instruction to them they can work efficiently. Other important stakeholders are regulatory agencies. By following legal regulations related to health, safety and environmental standards, the company do not have any legal threats. Company conducting auditing yearly according to the standard of the state.

Another stakeholder is local community. As mentioned earlier, the company is located in a village area it is important to get support from the locals. By providing job opportunity and considering their needs, it’s easy for them to get social licence to operate. Engaging social responsibility activities helped to create and maintain a positive relation with them.

SWOT analysis serves as a strategic planning tool utilized by organizations to assess and comprehend their internal Strengths and Weaknesses, alongside external Opportunities and Threats. Strength includes skilled managers and employees in the field of production, distribution and service. Updated machinery and equipment help in productivity. Company maintains good relationship with suppliers ensure steady flow of raw materials. By maintaining good quality control measure help to maintain high quality product. Weakness includes high production cost. Raising cost of production affects profit margin. Next weakness is limited market research. Currently the firm only focusing on five states in India. Due to limited market research company cannot extend their business to other states or outside the country. The company reliance on only few suppliers for raw materials. Some time it affects company's production. In this corporate world, there is a lot of opportunities for every business. Nowadays, the world market is open for everybody. By entering into new market and expanding the business is not a hard job if the company doing enough research. Adoption of advanced technology help to improve efficiency and reduce cost. Switch to eco-friendly product will help for sustainability. By finding more opportunity in e-commerce will help to reach wide customer base. When it comes to threats, the most common threats is intense competition. There are many firms who offers same product and service at lower price and with better quality. Next threat is economic fluctuations. It will affect customer spending and demand for the product. Changes in regulations is also a threat to business.

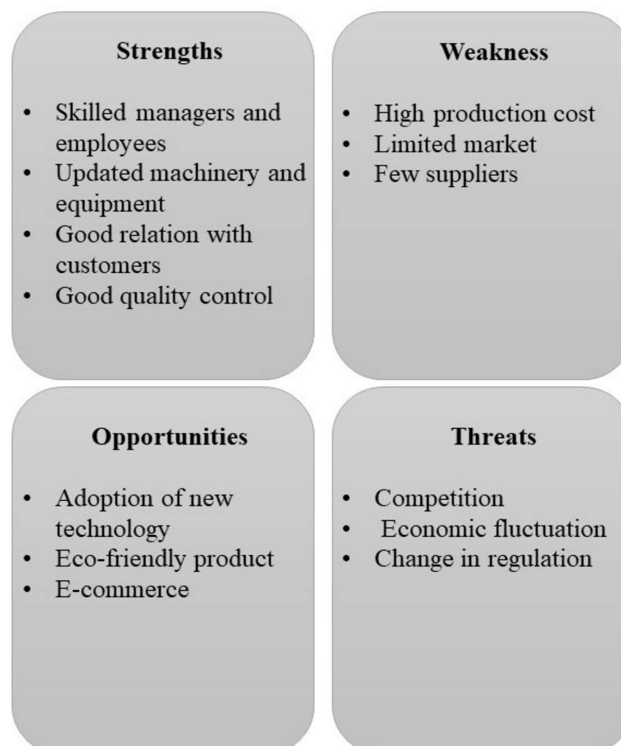

Figure 1 SWOT Analysis (own elaboration)

8.3 Financial Analysis

This part analyses the Balance sheet of Satbions Food and Additives over a period of five years. During the monitor period of 2018-2019 there is decrease in total asset from Rs.15,973,564.97 to Rs.13,605,594.26. when it's come to 2020, the state of total asset being almost stable. During 2021, the company increase their total asset from Rs.13,685,939 to 15,368,700. In this year, fixed asset remains same, there is no purchase or sales of fixed asset happen this year even though the current asset has slight increment. When it's come to 2022 there is a visible increase in total asset. The amount of asset increases from Rs. 15,368,700 to Rs. 18,657,800. In this year, both current asset and fixed asset increases up to a level. In the case of current asset, the value increases from Rs. 15,368,700 to Rs. 18,657,800. When it's come to fixed asset, the value increases from Rs.6,485,967.38 to Rs. 8,778,818.
Moving to liabilities, non-current liabilities are more stable when it's compared to current liabilities. During 2018 to 2019 period, current liabilities decreased from Rs. 6,254,840.06 to Rs. 4,126,570.06. By analysing the financial statement, we can summarize that the company experienced a challenging year in 2019. Next year it remains almost same. During 2021-2022 period there is a noticeable progress from Rs. 5255002.97 to Rs. 7964357.00.

Table 1 Balance sheet of the selected company (own elaboration based on internal data of the company)

Breakdown	**2022**	**2021**	**2020**	**2019**	**2018**
Total Assets	18,657,800	15,368,700	13,685,939	13,605,594	15,973,565
Current Assets	9,878,982	8,882,733	7,199,972	7,987,046	8,937,291
Fixed Assets	8,778,818	6,485,967	6,485,967	5,618,548	7,036,274
Total liability	18,657,800	15,368,700	13,685,939	13,605,594	15,973,565
Current liability	7,964,357	5,255,003	4,086,736	4,126,570	6,254,840
Non-cur. liability	9,765,573	9,023,783	8,618,155	8,765,144	8,754,851
Sharehold. Fund	927,870	889,914	981,048	713,881	963,874

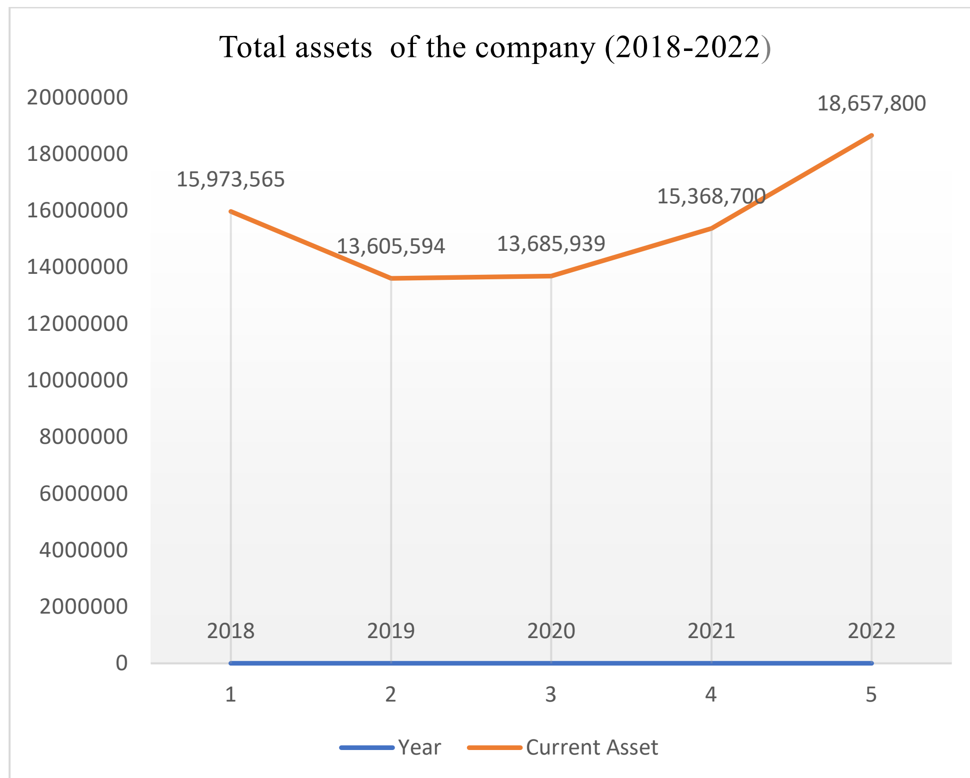

Figure 2 Total assets of the company (own elaboration based on internal data of the company)

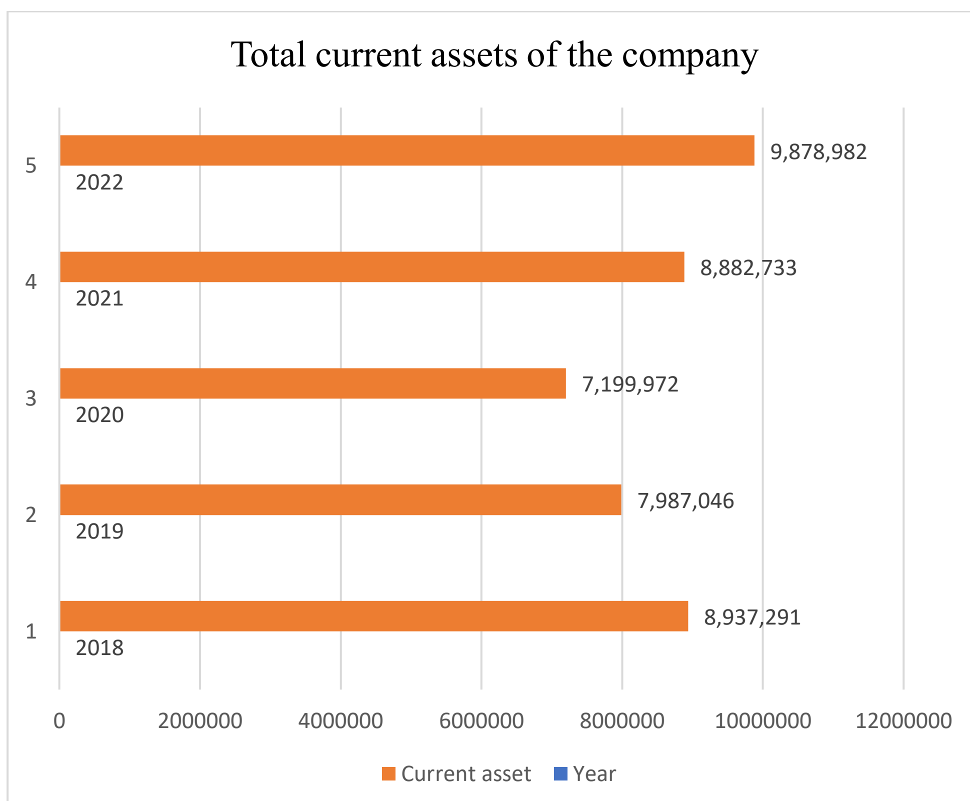

Figure 3 Total current assets of the company (own elaboration based on internal data of the company)

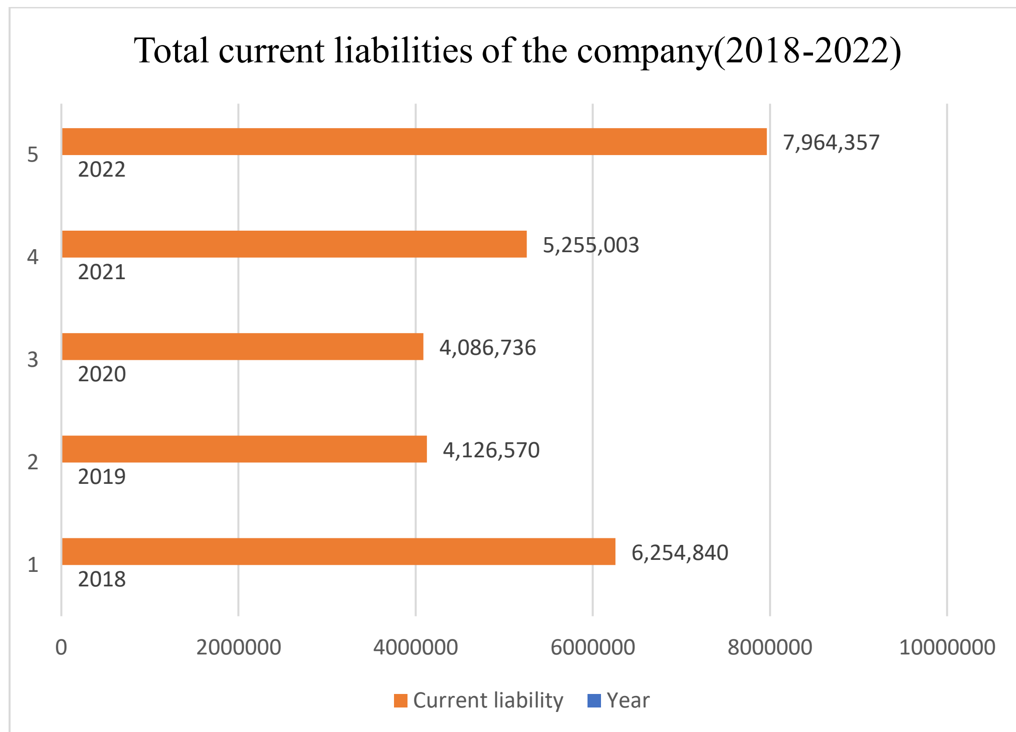

Figure 4 Total current liabilities of the company (own elaboration based on internal data of the company)

Table 2 Horizontal analysis of the Balance sheet of the selected company (own elaboration based on internal data of the company)

Breakdown	**2022-2021**	**2021-2020**	**2020-2019**	**2019-2018**
Total Assets	0.21	0.12	0.01	-0.15
Current Assets	0.11	0.23	-0.10	-0.11
Fixed Assets	0.35	0.00	0.15	-0.20
Total liability	0.21	0.12	0.01	-0.15
Current liability	0.34	0.29	-0.01	-0.34
Non-current liability	0.08	0.05	-0.02	0.0012
Shareholders fund	0.04	-0.09	0.37	-0.26

It is clear from the table that from 2018 to 2019, the company experienced negative growth. However, it shows a positive growth on total asset from the period 2019-2020. We can summarize that the company's asset condition has been improving since 2019. Moreover,

total liabilities are from 2018-2019 period from 2018 to 2019. When it come to 2019-202 it increasing again. And from 2019 to 2022, the total liabilities are increasing proportionally each year. In case of non- current liability, it is increasing during the period 2018-2019. On 2019-2020 it is decreased. The sole period indicating a reduction in current liabilities is the timeframe spanning from 2019 to 2020 . Shareholders' funds show a positive condition the period from 2021 to 2022, in contrast to the negative position during the 2019-2018 and 2021-2020 periods can be seen. Here, it is clear that the shareholders' funds are volatile as it keeps changing over years. The reason behind this is sale of shares along with the net profit and loss, directly impact shareholders' funds.

Table 3 Vertical analysis of the Balance sheet of the selected company (own elaboration based on internal data of the company)

Breakdown	**2022**	**2021**	**2020**	**2019**	**2018**
Total Assets	100.00	100.00	100.00	100.00	100.00
Current Assets	52.95	57.80	52.61	58.70	55.95
Fixed Assets	47.05	42.20	47.39	41.30	44.05
Total liability	100.00	100.00	100.00	100.00	100.00
Current liability	42.69	34.19	29.86	30.33	39.16
Non-current liability	52.34	58.72	62.97	64.42	54.81
Shareholders fund	4.97	5.79	7.17	5.25	6.03

Here showing vertical analysis of the balance sheet of the company. Upon analysing the table, it is evident that over half of the total asset comprises current assets. In 2018, current assets represented 55% of the total assets and the trend is following till 2022. In the case of fixed assets constitute less than half of the total assets. When it comes to liability more than half of total liability comprises non-current liability.

The current asset position consistently remains between 55% to 60%, while current liabilities show high volatility. Current assets have been decreasing annually, whereas current liabilities have been on a steady increase year after year. From this we can summarize that the company's liquidity position isn't where it needs to be.

When its comes to shareholders fund, very minor portion of total liability is made up of shareholders fund. The value of a company's shareholders' funds is not constant and can change over time. Here company utilize their shareholders' funds to address their financial needs.

Table 4 Income statement of the selected company (own elaboration based on internal data of the company)

Breakdown	**2022**	**2021**	**2020**	**2019**	**2018**
Total Revenue	16,578,219	12,960,270	10,242,316	12,252,316	17,354,041
Cost of Revenue	11,994,550	10,315,345	8,910,114	12,310,316	10,766,563
Gross Profit/loss	4,512,345	2,110,666	1,537,237	- 58,000.00	5,508,200
Administrative Expenses	4,334,681	3,542,234	3,880,306	2,588,985	5,670,878
Net Profit /Loss	345,090	- 132,419	- 787,430	- 554,785	- 408,960

Here analysing the income statement of the company over the period of five years. The total revenue for the company showcases a fluctuating pattern over the specified years. In 2018, the total revenue was Rs. 17,354,041, which experienced a decrease to Rs.12,252,316 in 2019, indicating a notable decline in revenue from one year to the next. During the year, the state experienced severe flooding twice, greatly impacting sales in a negative way. There is a slight increase in total revenue in 2020.

However, there is a significant improvement in 2021, with total revenue rising to Rs.12,960,270, marking a recovery in revenue generation compared to the previous year. In 2022, the total revenue continue to increase significantly to Rs.16,578,219, marking a substantial improvement compare to the preceding year. Incase of cost of revenue, in 2018

to 2019 indicating a rise in the expenses directly related to generating revenue. There was a slight decrease in the cost of revenue in 2020, suggesting a reduction in expenses associated with revenue generation compared to the previous year. This decrease was followed by another decrease in 2021 indicating a continued decline in these costs. In 2022, the cost of revenue increased to Rs. 11,994,550.

The gross profit for the company reveals a varied trend over the specified years. In 2018, the gross profit was Rs. 5,508,200, reflecting a healthy margin between revenue and the cost of goods sold. This gross profit decreased in 2019, indicating that the cost of revenue exceeded the revenue generated during that year. However, there was an improvement in 2020, with the gross profit increasing to Rs. 1,537,237. This suggests that the company's revenue exceeded the direct costs.

In 2021, the gross profit further improved to Rs. 2,110,666, indicating a continued positive trend in profitability. This trend continued in 2022, with the gross profit reaching Rs. 4,512,345, marking a significant increase compared to the previous year. Additionally, in 2018, the administration expenses were Rs. 5,670,878, indicating a significant cost incurred by the company for administrative functions. These expenses decreased in 2019 to Rs. 2,588,985, reflecting a notable reduction in administrative costs.

However, there was an increase in 2020, with administration expenses rising to Rs. 3,880,306. During this year, India was under a nationwide lockdown due to Covid-19, adversely affecting the company's sales and profit. In this year as well, the company is experiencing a loss of profit. During the period the administration expense is high because the company incurred additional cost for adapting to remote work setups, implementing health and safety measures for employees. In 2021, the administration expenses further increased to indicating a rise in these costs compared to the previous year. This upward trend continued in 2022.

It adversely affects the company's profits. in this period the company get negative gross profit due to high cost of sales. In 2020, the company's revenue decreased again to Rs. 10,242,316.46. During this year, India was under a nationwide lockdown due to Covid-19, adversely affecting the company's sales and profit. In this year as well, the company is experiencing a loss of profit.

During the period the administration expense is high because the company incurred additional cost for adapting to remote work setups, implementing health and safety measures

for employees. In 2021, the company increase in sales and gross profit. However, the net profit for the company demonstrates a varied trend over the specified years. In 2018, the net profit is -Rs. 408,960. This loss increased in 2019 to -Rs.554,785, reflecting a further decline in profitability.

The company's net profit continued to decline in 2020 to -Rs.787,430, indicating a significant loss for that year. However, there was a notable improvement in 2021, with the net profit improving to -Rs. 132,419. In 2022, the company's net profit turned positive, reaching Rs. 345,090.

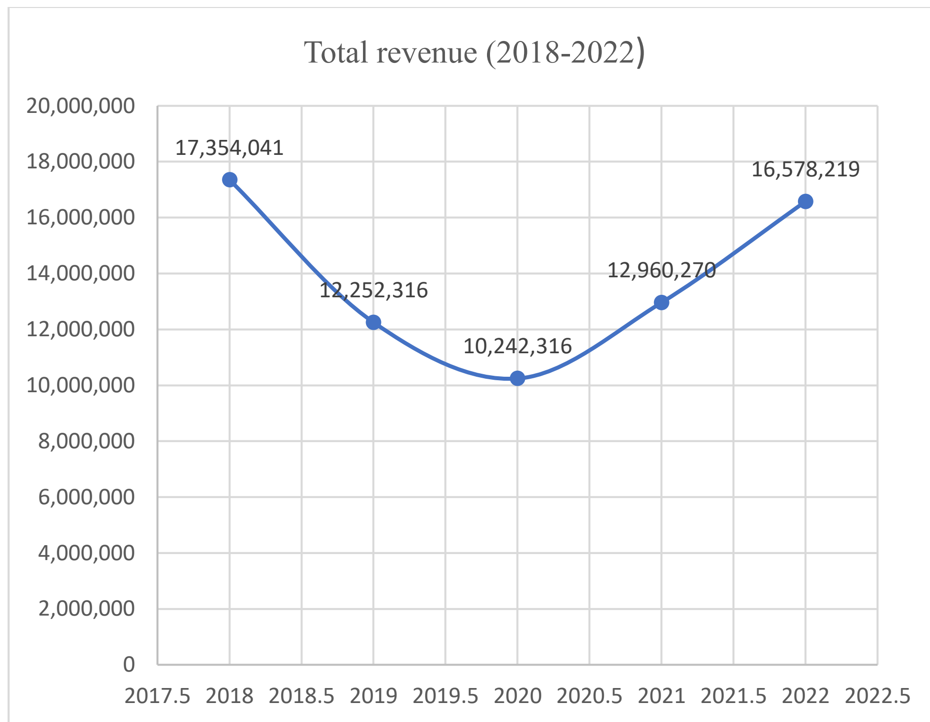

Figure 5 Total revenues of the company (own elaboration based on internal data of the company)

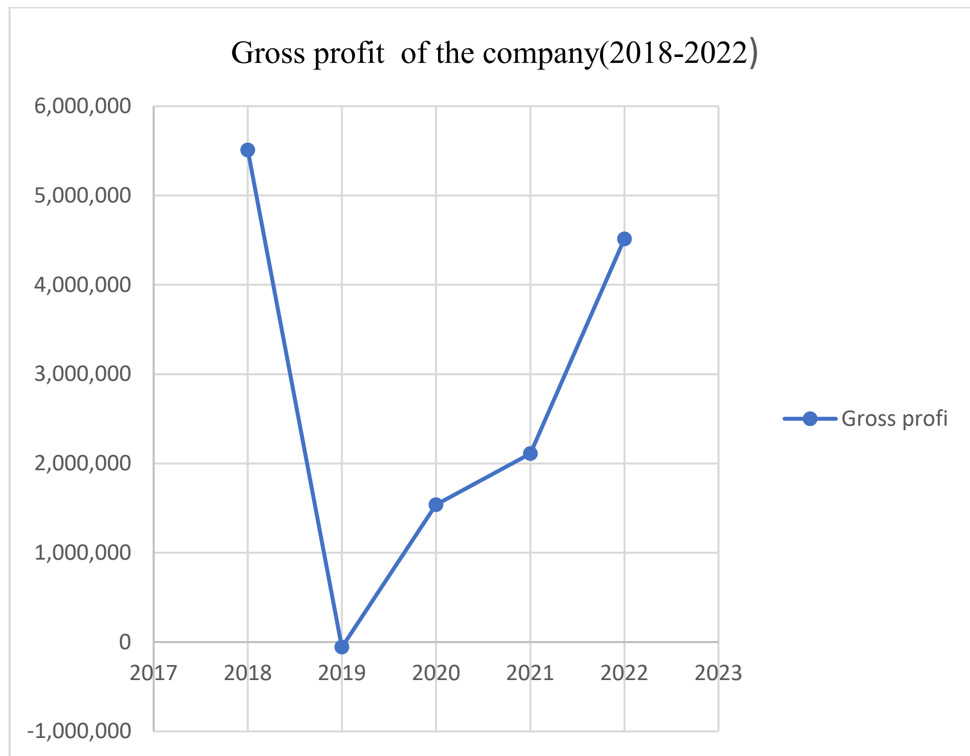

Figure 6 Gross profits of the company (own elaboration based on internal data of the company)

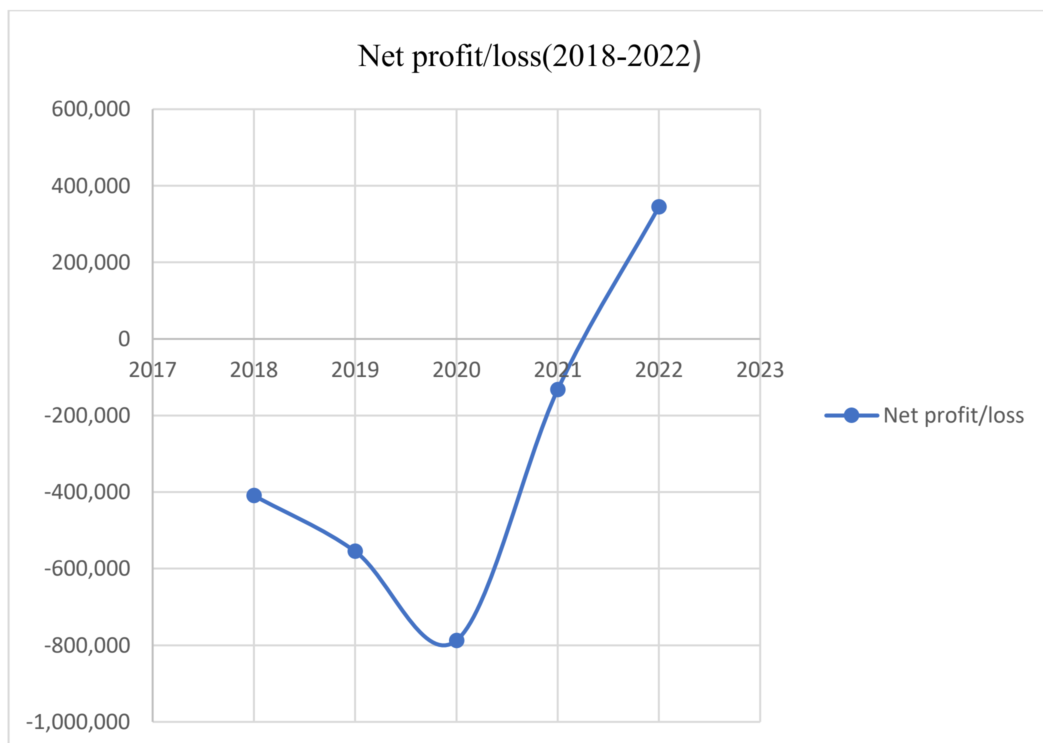

Figure 7 Net profits of the company (own elaboration based on internal data of the company)

Table 5 Horizontal analysis of the Income statement of the selected company (own elaboration based on internal data of the company)

Breakdown	2022-2021	2021-2020	2020-2019	2019-2018
Total Revenue	0.28	0.27	-0.16	-0.29
Cost of Revenue	0.16	0.16	-0.28	0.14
Gross Profit/loss	1.14	0.37	-27.50	-1.01
Administrative Expenses	0.22	-0.09	0.50	-0.54
Net Profit /Loss	-3.61	-0.83	0.42	0.36

Here showing horizontal analysis of the company's income statement. In 2018-2019 there is 0.29 decrease in total revenue between years 2018-2019. Moving to 2019-2020 again decrease in total revenue by -0.16 in 2020 as compared to 2019. In 2020-2021 and 2021-2022 there is a gradual increase in total revenue.

In the case of gross profit from 2018 to 2019, a decrease by 1.01 between years. In 2019-2020 again huge decrease by 27.50. As mentioned earlier year 2019 and 2020 were a struggling period for the company. In 2020-2021 and 2021-2022 there is an increase in gross profit can be seen.

In case of administrative expense, 2018-2019 is -0.54, which shows 54% decrease in expense in 2019. In 2019-2020 an increase in administrative expense by 50%. In the year 2020-2021 there is decrease in administrative expense. In 2021-2022 increase in administrative expense by 22% as compared to previous year.

Additionally, the net loss has been increased by 0.36 in 2018-2019 and 0.42 in 2019-2020. In 2020-2021 company's net getting decreased and company attain net profit in 202-2022.

Table 6 Vertical analysis of the Income statement of the selected company (own elaboration based on internal data of the company)

Breakdown	2022	2021	2020	2019	2018
Total Revenue	100.00	100.00	100.00	100.00	100.00
Cost of Revenue	72.35	79.59	86.99	100.47	62.04
Gross Profit/loss	27.22	16.29	15.01	-0.47	31.74
Administrative Expenses	26.16	27.33	37.89	21.13	32.68
Net Profit /Loss	2.08	-1.02	-7.69	-4.53	-2.36

Here showing vertical analysis of income statement over five years. Upon analysing the cost of revenue from 2018 to 2019, cost of revenue represents 62.045 of total revenue. In 2019 it is quite interesting to see that the cost of sales is 100.47% over sales of 2019. In 2019, cost of sales is higher than total sales. In 2020 the sales represent 86.99% of cost if sales. In 2021- and 2022 it is in between 70 and 80%.

Moreover, gross profit shown 31.74% over sales in 2018.During 2019 gross profit shown negative 47% over total sales. During 2019 the condition gets better as compared to 2019. In 2020 and 2021, the gross profit is in between 15% to 18%. In 2022 company attain 27.22% over sales of particular year. Administration expenses incur in between 20% to 40% in each year in respect of yearly sales. After analysis of gross profit, it is clear that the company is getting into a better position in terms of profit. The company facing net loss for past four years. In 2018, the company incurred a net loss equivalent to 2.36% of its total revenue for that period. The following year, the company experiencing a net loss amounting to 4.53% of its total revenue. The highest net loss incur by the company in relation to its sales was in 2020, amounting to 7.69%. In 2020, although the situation appeared improved, the company still reported a net loss.

2022 stands out as the sole year in which the company achieved a net profit of 2.08% over its saleshat is 7.69% of total sale particular year. In 2022 company get net profit of 2.08% over total sales during the period.

Table 7 Financial ratios of the company (own elaboration based on internal data of the company)

	2022	**2021**	**2020**	**2019**	**2018**
Profitability					
Return on assets (ROA)	0.02	-0.01	-0.06	-0.04	-0.03
Gross profit margin	0.27	0.16	0.15	-0.0047	0.32
Pre-tax profit margin	0.02	-0.01	-0.08	-0.05	-0.02
Liquidity					
Current ratio	1.24	1.69	1.76	1.94	1.43
Debt					
Debt to equity ratio	20.11	17.27	13.95	5.78	16.57
Efficiency					
Asset turnover ratio	0.89	0.84	0.75	0.9	1.09

Upon analysis of the financial ratios, it is evident that the company is not in a favourable financial position. In the case of Return on Assets (ROA), the company has experienced negative growth for four consecutive years. Although there was a positive ROA in the fourth year, it remains insufficient. Comparing to the industry average of 6.4%, which is considered a healthy position, the company's performance falls short of this benchmark. We can summarize that the company is not effectively leveraging its assets to generate profits.

In terms of Gross Profit Margin, the company achieved positive values in three years, but in 2019 it experienced a negative margin. Following 2019, the company's margins have improved, yet they remain insufficient to achieve a favourable financial standing. On average, a company with average efficiency and pricing aims for a Gross Profit Margin of 30% to 40% This indicates that the company is allocating a substantial portion of its revenue towards the production or procurement of its merchandise. The company confronts escalating expenditures for raw materials, labor, or other essential inputs, yet refrains from adjusting its pricing accordingly.

The pre-tax profit margin for the company exhibiting a negative trend from 2018 to 2021. Specifically, it recorded a margin of -0.02 in 2018, -0.05 in 2019, and -0.08 in 2020, indicating that the company's pre-tax profits were eroded by expenses during these years. However, there was a slight improvement in 2021 with a margin of -0.01. Notably, there was

a positive turn in 2022, where the pre-tax profit margin increase to 0.02, suggesting a recovery in profitability compared to the preceding years. This trend suggests that the company has been grappling with high operational expenses, resulting in negative cash flow from operations and related financial difficulties. A company that maintains good financial health typically exhibits a pre-tax margin ranging from 5% to 15%.

Moreover, the current ratio for the company shows a fluctuating pattern across the years specified. In 2018, the current ratio was 1.43, indicating that the company has Rs. 1.43 in current assets for every Rs.1 in current liabilities. This ratio improved to 1.94 in 2019, suggesting a stronger liquidity position compared to the previous year. However, there was a slight decrease in 2020 to 1.76, followed by a further decline to 1.69 in 2021. Of note, in 2022, the current ratio dropped notably to 1.24. This decline indicates that the company's ability to meet its short-term obligations with its current assets decreased significantly in 2022 compared to the previous year. This may signal a potential liquidity concern, where the company might find it more challenging to cover its short-term liabilities with its current assets. current ratio serves as a fundamental financial metric utilized to evaluate a company's liquidity and immediate financial viability. A company is generally deemed financially healthy when it achieves a current ratio of two or greater.

Moving to debt to equity ratio, the debt-to-equity ratio for the company demonstrates a varying trend over the specified years. In 2018, the ratio stood at 16.57, indicating that the company relied significantly on debt financing compared to equity. This ratio decreased notably in 2019 to 5.78, suggesting a shift towards a lower reliance on debt for financing. However, there was an increase in the debt-to-equity ratio in 2020 to 13.95, indicating a higher proportion of debt in the company's capital structure compared to the previous year. This trend continued in 2021 with a ratio of 17.27, suggesting a further increase in the company's debt relative to its equity. In 2022, the debt-to-equity ratio rose to 20.11, which indicates a substantial increase in debt compared to equity financing. This increase might signify that the company has taken on more debt relative to its equity base, potentially indicating increased financial leverage and higher risk associated with debt repayment. It is evident that the company is predominantly reliant on debt financing for its operations. This has been exacerbated by challenging economic conditions, environmental issues, and profitability challenges.

In addition, the asset turnover ratio for the company displays a fluctuating trend across the specified years. In 2018, the ratio was 1.09, indicating that the company generated Rs.1.09 in revenue for every rupee of assets it held. This ratio declined in 2019 to 0.90, suggesting a decrease in the efficiency of utilizing its assets to generate revenue. Further decrease was observed in 2020 with an asset turnover ratio of 0.75, indicating that the company generated less revenue relative to its assets compared to the previous year. There was a slight improvement in 2021 with a ratio of 0.84, indicating a modest recovery in asset utilization for revenue generation. In 2022, the asset turnover ratio increased to 0.89, suggesting an improved efficiency in generating revenue from its assets compared to the previous year. This improvement might signify a better utilization of the company's assets to drive sales and revenue.

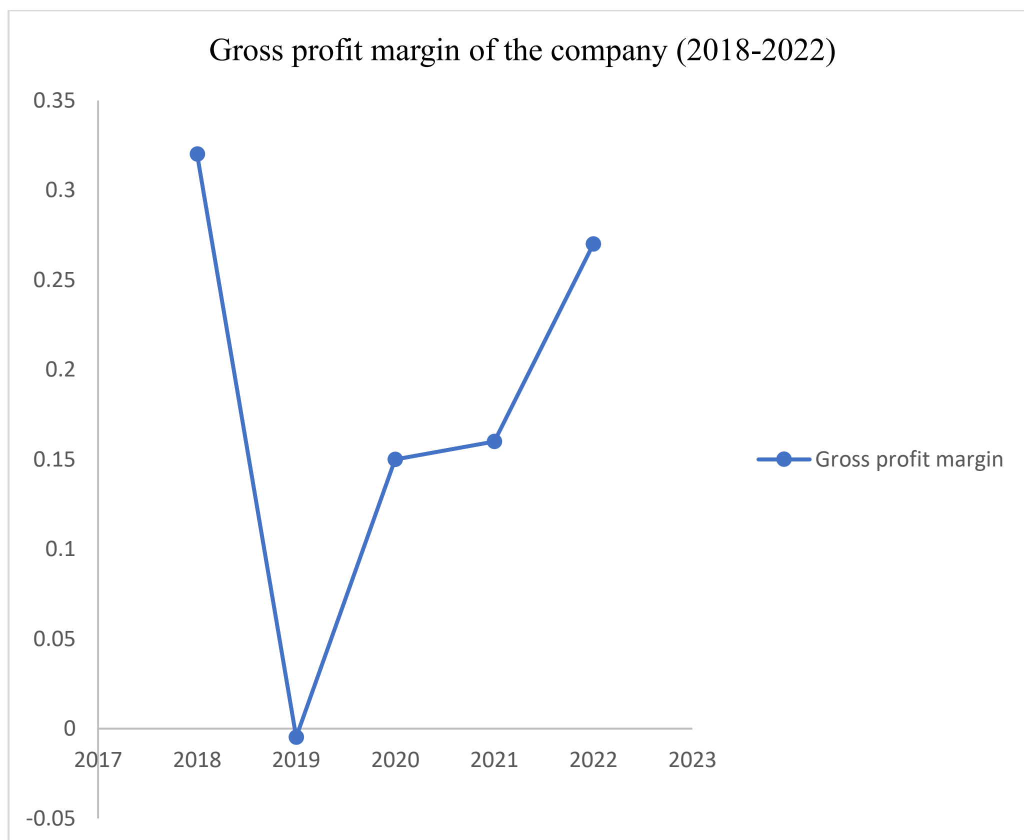

Figure 8 Gross profit margin of the company (own elaboration based on internal data of the company)

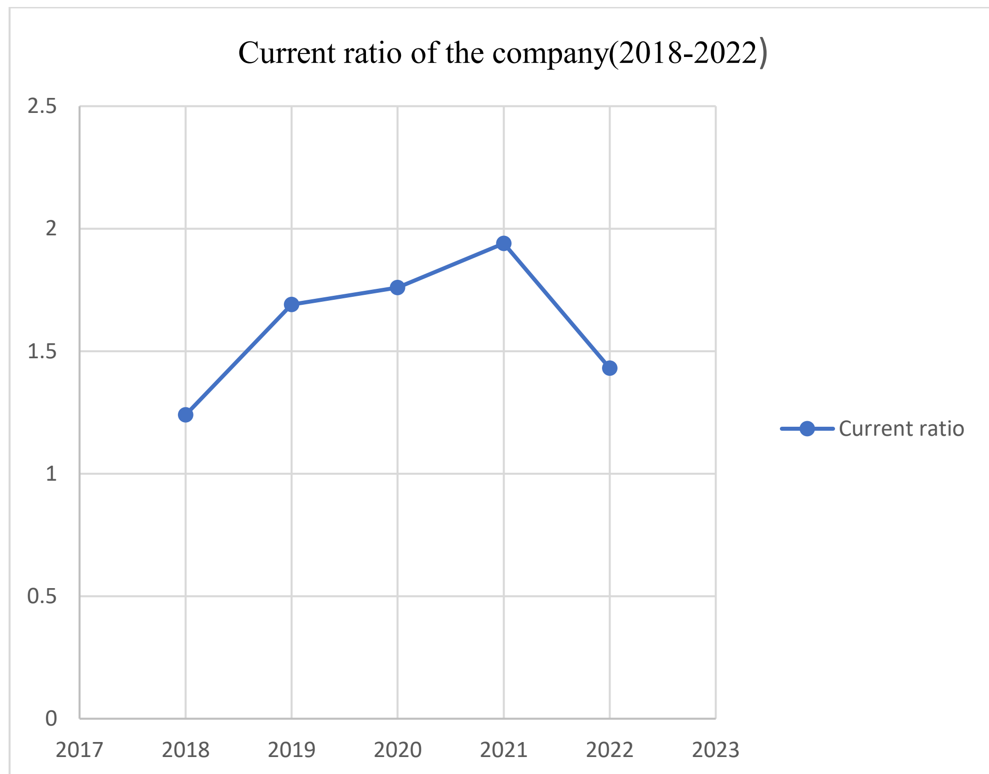

Figure 9 Current ratio of the company (own elaboration based on internal data of the company)

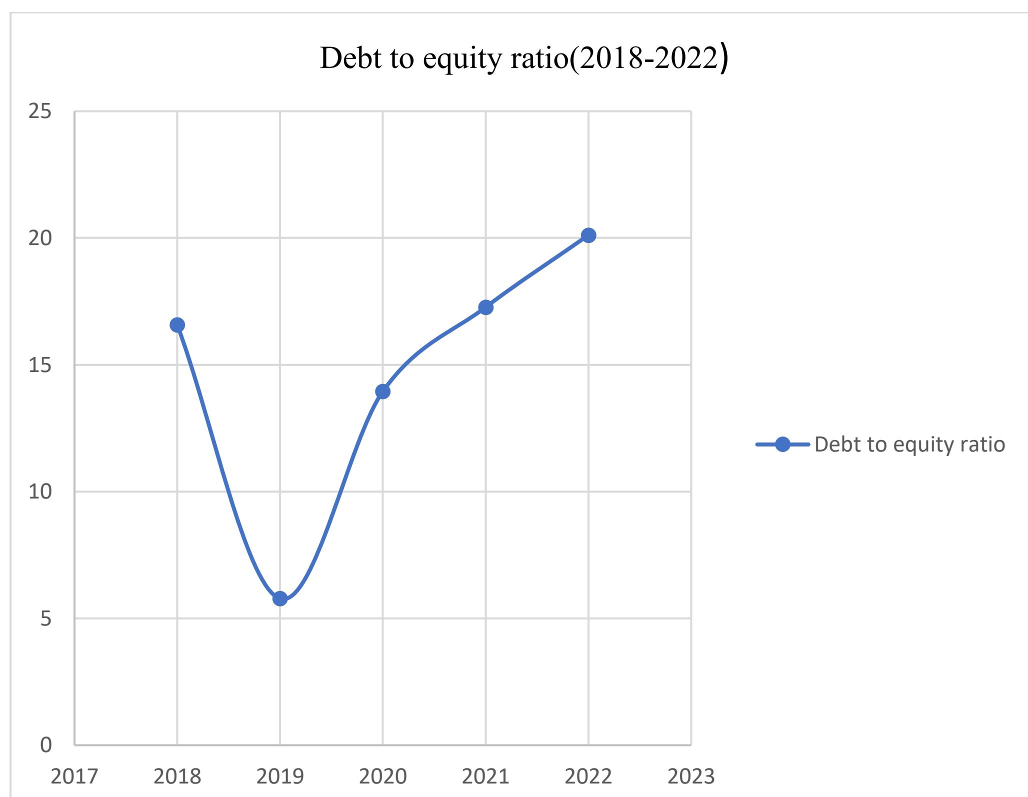

Figure 10 Debt to equity ratio of the company (own elaboration based on internal data of the company)

8.4 Strategic Analysis Summary

The chapter commences with a strategic analysis of the company, focusing on both micro-environmental and macro-environmental factors.

Macro-environmental analysis encompasses external elements that influence the company's operations. Within this context, the chapter employs PESTEL and STEER analyses to gain insights into the prevailing macro-environmental conditions.

In the case of micro-environmental analysis, the focus shifts to the company's internal factors. This analysis utilizes the SWOT framework to assess the company's strengths, weaknesses, opportunities, and threats. Specifically, the SWOT analysis delves into aspects related to customers, competitors, and stakeholders, providing a comprehensive understanding of the company's micro-environmental dynamics.

Subsequently, this paper shifts its focus to the financial analysis of the company. Utilizing the company's balance sheet and income statement, the aim is to ascertain the current financial position of the company.

Through the application of horizontal and vertical analysis on both the income statement and balance sheet, a clearer understanding emerges regarding trends, growth patterns, changes in financial performance, and the proportional representation of each line item over time in relation to a base item.

Moreover, by calculating financial ratio offers valuable insights into different facets of a company's financial well-being and performance, aiding analysts, investors, and managers alike.

9 KPI DESIGN

After conducting analysis and discussion regarding the company's financial statements and current financial position, company has been decided to implement key performance indicators using the Balanced Scorecard approach. The company decided to utilize four perspectives of the Balanced Scorecard framework to implement KPIs.

These perspectives include the financial perspective, customer perspective, internal processes, learning and growth perspective, and sales and marketing perspective.

In contrast to the original Balanced Scorecard concept and the traditional four perspectives proposed by Prof. Kaplan and Prof. Norton, the internal processes perspective and the learning and growth perspective have been merged into one and the sales and marketing perspective, which the company considers extremely important, has been created from the internal processes separately.

9.1 Financial Perspective

In order to enhance its financial health and improve overall performance, the company has decided to implement key performance indicators (KPIs) that will focus on key areas of concern. The chosen KPIs for this initiative are ROA, current ratio and debt equity ratio.

9.1.1 KPI 1 – Return on Assets (ROA)

Upon comparison of the company's Return on Assets (ROA), it is evident that the company is not effectively utilizing its assets to generate profit. Over a five-year period, the company has experienced negative ROA for four years, with only one year showing a positive ROA. The industry average ROA stands at 6.4%, highlighting a stark contrast to the company's performance, which falls below 1%. This indicates a significant disparity between the company's ROA and the industry benchmark, suggesting inefficient asset utilization and lower profitability relative to industry standards. After deliberation within the company, there is a keen interest in focusing on the Return on Assets (ROA).

For the purpose of data collection, a straightforward approach involves extracting data from the income statement of a company, subsequently dividing the income figure by the corresponding asset value.

9.1.2 KPI 2 – Current Ratio

Upon reviewing the company's current assets and current liabilities, it is clear that the company is experiencing liquidity challenges. Typically, a ratio between 1.5 to 2 is deemed a healthy position. However, in this case, their ratio has remained below 1.5 for two consecutive years, failing to reach the threshold of 2 at any point. Furthermore, the trend indicates a decreasing value in the ratio. Following discussions with the company, they are inclined to enhance their liquidity levels to meet short-term obligations. Improvements in inventory management, efficient management of working capital, and effective negotiation with suppliers are strategic initiatives that contribute to an enhanced current ratio for a company.

The data needed to calculate the current ratio typically comes from a company's balance sheet, which is one of the key financial statements.

9.1.3 KPI 3 – Debt-to-Equity Ratio

In the context of a significantly higher debt-to-equity ratio compared to the industry average, it is apparent that the company heavily relies on debt financing to support its business operations. Following discussions with the company, there is a clear intention to reduce this debt-to-equity ratio. Certainly, enhancing revenue streams, conducting thorough cash flow analyses, prioritizing the repayment of high-interest debt, and optimizing the utilization of working capital are effective strategies to improve the debt-to-equity ratio.

For data collection, the necessary data for these calculations is readily available from a company's balance sheet.

9.2 Customer Perspective

In order to know how the company is performing and delivering value, they decide to implement KPI concern with customers. The chosen KPIs for this initiative are customer retention rate, customer satisfaction rate.

9.2.1 KPI 4 – Customer Retention Rate

The customer retention rate is a potent indicator of a company's current customer performance, showcasing loyalty through tangible behaviors. However, it has come to light that the company has not previously measured its customer retention rate. Following

consultations with the company, there is a keen interest in understanding the extent of their loyal customer base. For collection of data, company can extract from sale ledger.

9.2.2 KPI 5 – Customer Satisfaction Rate

Customer satisfaction significantly impacts a company's bottom line, growth potential, brand perception, and market competitiveness. It is a vital component of long-term success and sustainability. Following discussions with the company, a decision has been made to enhance the efficiency of customer satisfaction analysis. Previously conducted once a year via email surveys with links to online platforms, the company now plans to adopt a dual approach, email surveys to organization and institutions and social media survey for individual customers.

9.3 Internal Processes, Growth and Learning Perspective

The Internal Process, Growth and Learning perspective is a foundational pillar for organizations aiming to achieve sustainable growth and long-term success. The chosen KPIs for this initiative are employee satisfaction rate and training programmes.

9.3.1 KPI 6 – Employee Satisfaction Rate

Employee satisfaction plays a crucial role in the success of a company, significantly impacting various aspects of its operations such as increase productivity, enhance employee retention, improve customer satisfaction and improve overall financial performance. Prior to our discussion, the company had not implemented a system to measure employee satisfaction throughout its journey.

However, following our conversation regarding the significance of employee satisfaction in organizational success, the company has expressed keen interest in initiating a process to gauge employee satisfaction rates. Company decides to use Likert-scale approach to get response from employees by formulating a questionnaire with a structured scale comprising five response options. Participants are asked to indicate their level of agreement or disagreement with statements using given option.

The primary source of data for employee database is the HR Information System (HRIS), specifically the employee records contained within.

9.3.2 KPI 7 – Training Programmes

Training to employees is very crucial for company success which helps skill development and competence, improve employee performance, adaption to change and innovation and so on. Following discussions with the company, it has been decided to revise the training program schedule to better align with employees' roles and needs. The new approach involves dividing the training programs into two categories: technical training and non-technical training. Employees involved in technical roles will receive training twice a year and Employees in non-technical roles will receive training once a year.

9.4 Sales and Marketing Perspective

Sales and marketing are integral components of a company's success, playing critical roles in driving revenue, customer acquisition, and brand awareness. The chosen KPIs for this initiative are advertisement campaigns and new markets.

9.4.1 KPI 8 – Advertisement Campaign

Advertising is a critical component of a company's marketing strategy, serving as a powerful tool to reach, engage, and influence target audiences. Following consultations with the company, a decision has been made to transition from seasonal advertisements to campaign-based advertising strategies. This approach entails designing and executing marketing campaigns that are aligned with specific objectives, themes, or product launches, rather than focusing solely on seasonal occasions such as festivals.

9.4.2 KPI 9 – New Markets

Market expansion is of paramount importance for a company as it presents a myriad of opportunities for growth, sustainability, and competitive advantage. Diversifying the customer base through market expansion not only boosts sales but also mitigates risks associated with over-reliance on a single market. Following discussions regarding the potential opportunities and scope of new markets, the company has made the strategic decision to expand its business beyond the current focus on five states out of twenty-eight. This expansion initiative aims to enter and establish a presence in additional states, leveraging the untapped potential and market opportunities available in these regions.

9.5 KPIs Linkage with Strategic Goals

Establishing strategic goals is a critical foundation for the implementation of Key Performance Indicators (KPIs). The selection of KPIs is intricately tied to the strategic goals set by an organization.

The company has expressed a keen interest in augmenting its revenue through the efficient utilization of its assets. In pursuit of this objective, Return on Assets (ROA) has been selected as a Key Performance Indicator (KPI).

Furthermore, the company has identified a need to improve its liquidity position, recognizing that its current ratio is not at an optimal level. Given the desire to enhance liquidity, the company aims to make positive adjustments to its current ratio. This strategic decision underscores the company's commitment to improving its financial stability and ensuring it can meet its short-term financial commitments effectively.

In addition to the objectives of increasing revenue through efficient asset utilization and improving liquidity, the company has identified a critical goal of reducing its debt burden. The decision to prioritize the reduction of debt stems from the company's observation of a high Debt-to-Equity (D/E) ratio.

The company recognizes that cultivating brand loyalty is a pivotal strategy for ensuring long-term sustainability and success. To this end, the company has chosen Customer Retention Rate as a Key Performance Indicator (KPI).

By focusing on improving Customer Satisfaction Rate, the company aims to elevate the overall customer experience, foster stronger relationships with its clientele, and ultimately increase the customer lifetime value.

To measure progress towards this objective, the company has selected Employee Satisfaction Rate as a Key Performance Indicator (KPI). Employee Satisfaction Rate serves as a metric to gauge the level of satisfaction and engagement among employees within the organization.

Furthermore, in the dynamic landscape of the corporate world where changes occur rapidly, the company has also prioritized the goal of adapting to these changes effectively. To this end, the organization has chosen Training Programs as another Key Performance Indicator (KPI).

In addition to its existing goals, the company has set its sights on acquiring new customers and diversifying its market presence. To achieve these objectives, the company has selected two Key Performance Indicators (KPIs). The first KPI is Advertisement Campaign Performance, which will measure the effectiveness and impact of the company's advertising initiatives. The second KPI chosen by the company is the Number of New Markets Entered. This metric will track the expansion of the company into new geographic regions or market segments.

Table 8: KPI Design (own elaboration)

Financial Perspective							
KPI	**Unit**	**2022**	**Target values**			**Frequency of measurement**	**Responsible Person**
			2024	**2025**	**2026**		
ROA	%	2,1	3%	3,90%	4,20%	Annually	Financial analyst
Current Ratio	Numeric value	1,24	1,27	1,30	1,35	Annually	Financial analyst
Debt to Equity Ratio	Numeric value	20,11	20,00	19,70	19,10	Annually	Financial analyst
Customer Perspective							
KPI	**Unit**	**2023**	**Target values**			**Frequency of measurement**	**Responsible Person**
			2024	**2025**	**2026**		
Customer retention rate	Index	Not measured	0,56	0,60	0,65	Quarterly	Marketing manager
Customer satisfaction rate	Index	0,58	0,63	0,69	0,73	Quarterly	Marketing manager
Internal Processes, Growth and Learning Perspective							
KPI	**Unit**	**2023**	**Target values**			**Frequency of measurement**	**Responsible Person**
			2024	**2025**	**2026**		
Employee satisfaction	%	Not measured	64%	69%	73%	Annually	HR manager
Training programs(technical)	Number	1	2	2	2	Annually	HR manager
Sales and Marketing Perspective							
KPI	**Unit**	**2023**	**Target values**			**Frequency of measurement**	**Responsible Person**
			2024	**2025**	**2026**		
Advertisement campaign	Number	7	8	9	10	Annually	Marketing manager
Number of new markets	Number	0	0	1	1	Annually	Marketing manager

Table 8 presents a proposed Key Performance Indicators (KPIs) aim at enhancing the overall performance of the company. These KPIs are suggesting within the framework of the balanced scorecard approach, utilizing current values to forecast performance over a three-

year period. They interested to use traditional balanced scorecard perspectives, along with sales and marketing perspective that the company believe that it will beneficial for future success. In the realm of financial perspective, the company proposes considering Return on Assets (ROA), Current Ratio, and Debt to Equity Ratio as key parameters. For the year 2022, the ROA stands at 2.1. Due to regulatory constraints, financial data for 2023 is unavailable. However, following consultations with the company, it has been clarified that the net profit for 2023 slightly exceeds that of 2022. Projections indicate an expected ROA of 3% for 2024, with a further increase to 4.20% by 2026. In addition, analysis reveals a declining trend in the company's Current Ratio from 2018 to 2022. Following consultations, it has been confirmed that the Current Ratio remained relatively stable in 2023. Projections suggest a targeted increase in the Current Ratio by 1.27 in 2024, aiming to achieve a ratio of 1.35 by 2026. Moreover, the company currently contends with a notably high Debt to Equity Ratio, making a rapid decline in this ratio impractical. For the year 2023, the company experienced a similar Debt to Equity Ratio as the previous year. Projections indicate a Debt-to-Equity Ratio of 20.00 in 2024, with a modest decrease to 19.10 by 2026. Here, ROA, current ration and debt to equity ratio is analysed by financial analyst annually.

Moving to customer perspective, the company has not previously measured Customer Retention Rate. Following discussions, it is anticipated that the company could achieve a Customer Retention Rate of 0.56, gradually increasing to 0.65 by 2026. Furthermore, the company has actively measured the Customer Satisfaction Rate to gauge customer contentment. The recorded rate for 2023 stands at 0.58, indicating a satisfactory level. Projections suggest a gradual increase in the Customer Satisfaction Rate in the forthcoming years. Here, both customer retention rate and customer satisfaction rate is measured by marketing manager quarterly.

Internal processes, growth and learning perspectives were complained in order to find employee satisfaction and training programs. As can be seen in the table 8, the company has not previously measured Employee Satisfaction; however, forecasts suggest an initial Employee Satisfaction level of 64%. This is expected to gradually rise to 69% by 2025 and further to 73% by 2026. it is understandable from the table; the company has been conducting technical training program once in a year. However, the prediction indicates an enhancement in this initiative, with plans to conduct the technical training program twice annually in the upcoming years. Both cases of employee satisfaction and technical training programs has measured by HR manager annually.

The sales and marketing perspectives were recorded by marketing manager annually. Here, Presently, the company conducts 7 advertising campaigns annually. Projections indicate an expansion in this strategy, with anticipated increases from 8 to 10 from 2023 to 2026 accordingly. Given the current financial condition of the company, it is deemed impractical to open a new market in 2024. However, forecasts suggest a planned expansion into a new market in the subsequent years implementation plan.

10 KPI IMPLEMENTATION PLAN

Table 9: KPI Implementation plan (own elaboration)

Phases of project	**Month**					
	7	8	9	10	11	12
Project team establishment	First phase					
Team assignment						
Time allocation						
Skill required						
Project manager assignment	Second phase					
Assign project manager with required skills						
KPI selection	Third Phase					
Scope clarification						
Identify current project						
Identify data custodians						
Selection of required KPIs						
KPI documentation and Alignment	Fourth phase					
Managerial approval						
KPI documentation for departmental KPIs						
Employee level						
Data gathering	Fifth phase					
Decide gathering template						
Establishing data collection system for all KPI						
Address changes						
KPI data analysing and reporting	Sixth phase					
Prepare final report						
Performance review meeting						
Learning improvement	Seventh phase					
Adjust objectives, KPI and initiatives						
Update the procedure						
Communication of result						
Project closure	Eighth stage					
Project output presentation						
project transfer to maintenance						
Project evaluation report						

Table 9 shows implementation plan of the company. In the initial phase of this process, the company establishes specialized teams, each designate for distinct activities within the Key Performance Indicator (KPI) implementation plan. A meticulous allocation of time is made for each activity to ensure a structured approach. Concurrently, a thorough assessment of the requisite skills for each task is conduct. Individuals are then assigning to teams based on

their specific skill sets, facilitating an optimal utilization of expertise. During the subsequent stage the company focuses on assigning project managers to each team. It is imperative that these project managers possess the requisite skills needed for the successful accomplishment of their team's tasks.

This process ensures that every team is led by a competent manager who can effectively guide the team towards achieving the set objectives. Both the stages are schedule for the month of July. In the subsequent stage of the process, the company embarks on the KPI selection phase, which comprises several key steps.

A meticulous clarification of the scope of Key Performance Indicators (KPIs), ensuring precise alignment with the overarching organizational objectives and strategies. then company identifies the current projects under its purview. Later, a thorough identification and validation of data sources ensue to ensure the accuracy and relevance of the data used for KPI analysis. Lastly, the company proceeds to select the most appropriate KPIs based on the clarified scope, ongoing projects, and available data sources. It is acknowledged that unforeseen circumstances, such as economic shifts or political changes, may necessitate the adjustment of selected KPI. This stage can be done in August.

Throughout this phase, meticulous attention is devoted to setting up efficient and dependable data collection processes. The chosen templates are tailored to align precisely with the unique measurement needs of the selected KPIs, guaranteeing that the gathered data is comprehensive and actionable. Any modifications or enhancements made to the data collection systems serve to bolster their effectiveness and alignment with the company's overarching objectives.

During this stage, the company emphasizes the importance of formal approval to solidify the chosen KPIs' legitimacy. The established documentation provides clarity and transparency regarding performance expectations at various levels within the organization. Moreover, aligning KPIs with organizational goals ensures that every department's as well as employee efforts are synchronized towards achieving the company's overarching objective.

During this phase, maximum attention is paid to analyzing KPI data to derive meaningful insights into organizational performance. By comparing actual results with proposed targets, the company gains valuable perspectives on the effectiveness of its strategies and initiatives.

Moreover, engaging in review meetings with higher officials fosters transparency and accountability, facilitating inform decision-making processes aim at optimizing

organizational performance. In the seventh stage, the company engages in the learning and improvement phase.

During this phase, the company has the opportunity to adjust its goals based on the KPI results. If any procedures require refinement, they can be improved upon. Additionally, the results are communicated to both authorities and employees. This can be done during November.

The final stage involves project closure, wherein the responsible individual presents the outputs of the implemented plan. Subsequently, any necessary transfers for maintenance are addressed. Finally, the last stage entails submitting an evaluation report to the designated individual responsible for oversight.

11 BENEFITS AND RISKS ASSOCIATED WITH THE IMPLEMENTATION

This chapter focuses on the main benefits and potential risks associated with implementing KPIs into a company's management system to improve financial performance in the future.

BENEFITS

The alignment of Key Performance Indicators (KPIs) with strategic objectives provides a clear roadmap for daily activities, enhancing employee understanding of their roles in achieving organizational goals, thereby fostering increased focus and motivation. By providing measurable benchmarks, KPIs facilitate straightforward tracking of performance over time. This ability to analyse trends allows organizations to identify both areas of improvement and instances of success. The presence of Key Performance Indicators (KPIs) enables organizations to base decisions on tangible data and actual performance, rather than relying on subjective instincts or assumptions. KPIs serve as effective early warning systems, capable of detecting and highlighting potential issues before they escalate into critical problems. Well-defined Key Performance Indicators (KPIs) offer employees a distinct sense of purpose and direction, thereby boosting motivation within the organization. When KPIs are customer-centric, focusing on aspects such as satisfaction and loyalty, they contribute to tangible improvements in customer experience. The monitoring of KPIs associated with service or product quality serves as a catalyst for enhancements that directly benefit customers.

RISKS

When Key Performance Indicators (KPIs) are not aligned with the strategic objectives of the organization, there is a risk of efforts being misdirected towards irrelevant areas. The implementation of Key Performance Indicators (KPIs) often signifies a cultural shift within an organization, which can sometimes lead to resistance from employees accustomed to different work approaches. Key Performance Indicators (KPIs) are designed to evolve in tandem with changing circumstances within an organization. However, if KPIs are excessively rigid, they may fail to adapt to emerging opportunities or challenges. External factors, such as shifts in the market landscape, can render certain KPIs irrelevant or misleading if they are not regularly reviewed and updated.

12 FINAL EVALUATION AND RECOMMENDATION

The thesis focuses on proposing an implementation plan for a company, emphasizing the strategic integration of Key Performance Indicators (KPIs) to drive organizational success. The paper undertakes a comprehensive analysis to gain a thorough understanding of the company's current position. This includes a Micro Environmental Analysis, focusing on key factors such as customers, competitors, stakeholders, and the development of a SWOT matrix. Additionally, the paper conducts a Macro Environmental Analysis, concentrating on broader factors such as Political, Economic, Social, Technological, Environmental, and Legal (PESTEL) aspects, along with Social, Technological, Economic, Ecological, and Regulatory (STEER) factors.

In the realm of financial analysis, the paper employs both horizontal and vertical analysis methods to assess the company's financial performance across consecutive years. Horizontal analysis involves the examination of financial data over time to identify trends and changes in performance indicators. vertical analysis allows for a comparison of different components within a single year's financial statements.

Additionally, the paper conducts a thorough examination of financial ratios to further understand the company's financial position. After conducting a comprehensive analysis, it becomes apparent that the company is facing challenges in terms of its financial health. The examination of financial statements, ratios, and trends indicates that the company is not in a favorable financial position.

Upon analysis of the company's financial position, several notable trends and indicators emerge. Firstly, it is observed that the total revenue exhibits volatility, experiencing fluctuations with moderate variances year to year. This volatility extends to the gross profit, where significant differences are noted annually. Furthermore, the company appears to struggle with notably high administration expenses, resulting in a net loss. However, there is a positive observation in the financials for the year 2022, which show improvement compared to previous years. Despite this, the Balance sheet analysis reveals concerning trends, particularly in the relationship between current assets and liabilities. The current liabilities seem to increase proportionally with the growth in current assets, indicating potential liquidity challenges. Moreover, the shareholders' fund demonstrates instability over the analyzed periods. Additionally, the financial ratios present an alarming picture, with most ratios falling below industry standards. Of particular concern is the debt-to-equity ratio,

which appears to be notably high, potentially impacting the company's long-term sustainability. In summary, the comprehensive evaluation of these financial indicators paints a picture of an unhealthy financial position for the company.

A comprehensive review of administrative expenses is advised to identify areas for cost reduction and efficiency improvements. Moreover, opportunities to diversify revenue streams should be explored to reduce reliance on volatile sources of income. By expanding revenue sources, the organization can enhance financial stability and mitigate risks associated with fluctuating income. Additionally, effective working capital management to address the imbalance between current assets and liabilities. A structured plan to reduce the high debt-to-equity ratio should be developed, potentially involving refinancing or debt restructuring strategies. Lastly, the organization should consider engaging reputable financial advisors or consultants to provide expert guidance on financial management strategies.

The proposed plan for implementing KPIs into the company's management system can effectively help in monitoring selected performance indicators and thus contribute to increasing the value of the company in the long run. The company is advised to continue to continuously monitor the company's individual objectives, collect the right data and perform analyses to evaluate the KPIs and their effectiveness and impact on financial performance. The proposed KPI implementation plan is the first of the important steps to set up a strategic management system for the future.

CONCLUSION

The primary objective of the thesis is to present a KPI implementation plan designed to enhance the overall performance of the company. The initial section delineates the theoretical framework concerning performance measurement and management. Firstly, a literature review on the subject of performance measurement and management is conducted. The foundational principles of performance measurement and management are elucidated, followed by an exploration of this topic from various perspectives. This encompasses discussions on performance review and anticipated challenges in the field and highlighted significant Performance Measurement and Management (PMM) models).

Furthermore, the topic of Key Performance Indicators (KPIs) and the Balanced Scorecard approach are elaborated in details in the theoretical part of thesis, as well as required inputs.

The practical segment encompasses various types of analyses. The selected research methods of analysis are applied in this section of the thesis to ascertain the current position of the company. The objectives of the project have been duly accomplished, encompassing three distinct analyses: micro-environment analysis, macro-environment analysis, and financial analysis. The micro-analysis involves an examination of internal factors using PESTEL and STEER. Conversely, the macro-environment analysis concerns external factors that influence the firm's operations. Three distinct aspects were examined — customers, suppliers, and stakeholders — as part of the analysis. Additionally, a SWOT analysis was conducted to assess the company's strengths, weaknesses, opportunities, and threats. Finally, financial analysis is focused on evaluating the company's historical performance and financial standing. During the financial analysis, horizontal and vertical analysis techniques are employed using the company's Income statement and Balance sheet. This approach aims to ascertain the current financial position of the company, identify areas requiring improvement, and derive other pertinent insights.

After comprehensively understanding the situation, a KPI plan tailored for the company is formulated to facilitate the achievement of its strategic goals. This plan incorporates traditional perspectives of the Balanced Scorecard (BSC) alongside sales and marketing perspectives to introduce Key Performance Indicators (KPIs).

The final stage of the process involves developing an implementation plan. Eight stages for the implementation of these KPIs within the company are delineated.

The significant impact of the COVID-19 pandemic and the extensive flooding in Kerala during 2018-2019 on the company's performance is acknowledged. Consequently, a concise overview of these global pandemic and flood crises is provided, along with a discussion on their potential influence on the company's performance.

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LIST OF ABBREVIATIONS

BSC	Balanced Scorecard
CEO	Chief Executive Officer
EFQM	European Foundation for Quality Management
EPS	Earning per Share
HRM	Human Resource Management
KPI	Key Performance Indicator
PM	Performance Management
PMM	Performance Measurement Matrix
PMM	Performance Measurement and Management
PMS	Performance Measurement System
ROA	Return on Asset
RONA	Return on Net Asset
ROS	Return on Sale
SMART	Strategic Measure Analysis and Reporting Technique
SWOT Analysis	Strengths, Weaknesses, Opportunities and Threats Analysis

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