



What dimensions to use for the measurements and evaluation of corporate performance?

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Abstract: This article describes the importance of evaluating company performance for the business community. It highlights the multidimensional complexity of performance and the importance of defining an appropriate evaluation method. It examines traditional and innovative performance measurement approaches, emphasizing the importance of participatory steering.

Keywords: Company performance; multidimensional complexity; Evaluation Method; Participatory steering; Measurement dimensions.

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1. Introduction

To evaluate or measure performance within any company, we would be confronted with the use of more complex and improved tools, these tools will make it possible to monitor and evaluate the overall contribution to the success of the said company. However, this concept, which is considered a necessary condition for business success, is far from clear-cut, since it encompasses multiple dimensions that require in-depth analysis to obtain a complete and accurate picture.

In this article, we will focus on the multidimensional nature of performance, identifying the different dimensions that need to be considered when assessing a company's performance, and using them as a basis for relevant and in-depth analysis.

Once these dimensions have been identified, our evaluation approach is closely linked to the number and nature of the dimensions detected, enabling us to propose an appropriate overall evaluation method.

In our review of the literature, we discovered that there may be another type of evaluation based on the participation of the company's internal and external actors, which we might call a participatory steering evaluation.

This article, therefore, aims to deepen our understanding of corporate performance evaluation, highlight a multidimensional approach, and explore the concept of participatory steering for a more complete and balanced evaluation.

But before looking at the question of evaluating this performance, it is necessary to look at the different dimensions of its measurement.

2. Performance: Which dimensions to measure?

The measurement of performance is essentially linked to the nature of this performance, in other words, its evaluation consists of assessing the dimensions that revolve around this notion.

To follow on from this multidimensional nature of performance, we can already ask ourselves a question about how to evaluate a composite concept: Can we evaluate component by component and then sum or aggregate these elements? Or can we simply evaluate in terms of the average of these components?

At this stage, we can say that the more components there are, the more complex the task of measurement and evaluation becomes, so we need to try to synthesize these components to have as few as possible to evaluate.

Indeed, all experts in the field agree that performance is either economic¹, financial², or commercial³. As a result, these three components can be evaluated with a view to an overall assessment of the company's performance.

Despite the diversity of definitions of performance, which complicates how it is measured, Bessire⁴ was able to bring together the four points of convergence between all these definitions by summarizing the situation as follows:

Firstly, the notion of performance is always contextualised at the level of the fields of evaluation, and for this, we can deal with notions such as the evaluation of performance, the steering of performance, and the management of performance. But what matters about all these concepts is that the notion of performance is strictly linked to its value, meaning, that if we achieve a good result, we perform well.

Secondly, performance has several dimensions, the number of which varies according to the authors.

Thirdly, the author highlights the relationship that may exist between the famous notion of performance and the notions of coherence and relevance.

To summarize, we can draw on the work of Norman and Ramirez (1993), who are convinced that the art of strategy is to create value. Based on a so-called integrative approach to the company's various functions, these authors consider that any company that wants to perform well must generate value.

For his part, Bessire⁵ adds that the term coherence does not raise any difficulty in definition, but it is sufficient to have only coherent decisions that follow pre-established levels of preference.

As he notes, the term relevance, unlike the term coherence, has no precise definition, because in some cases it is confused with coherence, and in other cases, it has been equated with precision or accuracy.

¹ These are mainly intermediate management balances.

² Financial performance is measured by a number of ratios, which are described in detail below. In addition, the measurement of financial performance is required by law.

³ The company's ability to satisfy its customers.

⁴ Bessire D. (1999), « définir la performance », comptabilité, Contrôle, Audit, Vol.2, pp.127-150

⁵ Bessire D.(1999), « définir la performance », comptabilité, Contrôle, Audit, Vol.2, pp.127-150

Thus, Bessire⁶ sees that the articulation of these different terms makes performance appear as the result either of a simple operation of summing the values of the notion of relevance and that of coherence, or as the product of an iteration that brings together the two aspects of this performance.

Finally, Bessire⁷ concludes that performance, coherence, and relevance are subject respectively, to the following angles: the angle of objectivity, the angle of rationality, and the angle of subjectivity.

Fourthly, we can confirm that this notion of performance should not be delimited in a strictly absolute and objective manner but should be treated by user researchers as a non-objective notion.

Bessire's grouping shows that there are still many terms⁸ to be evaluated, which risks complicating the measurement and evaluation method.

It, therefore, appears that a restructuring of the definition of the notion of performance is necessary, and we must therefore seek to trigger a conceptualization operation linked to the notion of performance.

So, as several authors⁹ have pointed out performance measurement requires a certain conceptualization of this notion to transform it into an overall model¹⁰.

This modeling will require us to draw on various concepts in econometrics, whether in quantitative or qualitative terms, or both.

Performance management is therefore essentially based on the financial modeling¹¹ of the company, comparing the value perceived by the customer with the company's consumption of resources.

In this way, we can strategically consider the issues presented by the different approaches already used, without forgetting to test their effectiveness, especially in terms of elements linked to environmental problems.

In the same vein, these authors¹², propose a broader vision of the notion of result, suggesting the use of multiple indices such as the quality of what is produced, the relevance of the service provided by the company, or even the efficiency of employee movement, the working climate, productivity, customer satisfaction, etc.

According to O. Furrer and D. Sudharshan (2003), performance can be simply measured using either purely quantitative¹³ or completely qualitative¹⁴ metrics. To put it another way, according to these authors, it is best to either conduct a completely quantitative econometric analysis or a purely qualitative econometric study and avoid combining quantitative and qualitative variables in the same model.

3. Performance: How is it assessed?

Detecting the way to evaluate performance is closely linked to the method of managing that performance, which is what is known as performance management, so, it is necessary to understand how the performance management process truly works. Managing performance cannot be reproduced

⁶ Bessire D.(1999), « définir la performance », comptabilité, Contrôle, Audit, Vol.2, pp.127-150

⁷ Bessire D.(1999), « définir la performance », comptabilité, Contrôle, Audit, Vol.2, pp.127-150

⁸ Performance assessment, performance steering, performance management, value, coherence, relevance

⁹ Such as: Kalika, 1988; Kaplan and Norton, 1992, 1993; Morin et al., 1994.

¹⁰ What we can develop in the empirical section.

¹¹ Which we can develop in the near future

¹² Kalika, 1988; Kaplan and Norton, 1992, 1993; Morin et al., 1994

¹³ Such as: market share, profit, sales, or qualitative data.

¹⁴ Such as: The ability to innovate for the customer, consumer satisfaction, loyalty, perception of company quality and reputation

precisely since each corporation operates in a changing environment. However, it must ensure an organizational learning¹⁵ function to set the stage for its change.

To implement an effective performance procedure, it is essential to establish indicators that are well-suited to measuring the company's performance and to ensure that these indicators are properly measured¹⁶, evaluated, and monitored.

A performance indicator is described as "a set of operations involving concrete, tangible, or intangible data, which produces relevant information on a criterion," by Estelle M. Morin et al¹⁷.

We are completely in agreement with Lebas¹⁸ as he argues that performance is developed instead of observed. It comes from a causal mechanism. It is consequently a prediction of probable future outcomes and is defined by a vector of parameters suggesting a causal model in space and time.

The concept of performance appears to be complex and multidimensional and to evaluate or measure it, we must at least specify its dimensions. However, Marion et al (2012) have shown that performance can be defined as the result of an action¹⁹, the success of the action²⁰, or based on the methods used to obtain the result²¹. As a result, selecting one of all three of these meaning performance²² will impact the methodology used to measure performance.

Researchers summarize the factors necessary for performance evaluation as follows:



Figure 1: Performance evaluation factors by Marmuse (1987) Barette and Bérard (2000).

According to other authors²³, the notion of performance should not simply be there, but should always be measured and evaluated, either internally or externally, or both. It should be noted here that we are

¹⁵ Mandez " Le management de la performance dans une multinationale française " in Actes du VIIème Congrès de l'AGRH 1996 sur le thème " performance et ressources humaines " Page 328

¹⁶ This measurement can only be valid if certain rules are respected, such as: the choice of observable and measurable indicators, and the choice of criteria capable of discriminating between different performance gaps. Ensuring the fidelity and validity of measurements and using the minimum possible number of criteria to best represent all the dimensions of effectiveness.

¹⁷ Estelle M. Morin et al. « Les indicateurs de performance » op cité, page10.

¹⁸ M. Lebas «le concept de performance » in Revue Travail n° 34, printemps – été 95, page 137 à 149.

¹⁹ Comme chez Bouquin, 2004

²⁰ Comme chez Bouquin, 1995

²¹ Comme chez Baird, 1986

²² Result, balance sheet of action or share

²³ Capron et Quairel-Lanoizelee (2006)

faced with a complexity of links, in other words with which variable should we link this notion of performance, we must keep in mind also linking the notion of performance to the sole objective dimension of reality only leads to the measurement and not the evaluation of this performance.

However, other authors²⁴ argue that, in the end, the notion of performance should remain purely economic, regardless of the perspective from which this performance is evaluated.

The new²⁵ performance measurement practices, like the old ones²⁶, are based on the notion of quantification. As a result, performance evaluation is a crucial component of management control.

Indeed, according to Le Moigne (2003), conceptual approaches to the measurement of performance by a successful steering operation must be based essentially on the modeling²⁷ technique but based on social and economic aspects. This is because the comparison between the result and how this result is achieved is so important - in fact, measuring how a result is achieved takes precedence over the result itself.

The literature tells us that, from the point of view of neoclassical theory, it is the surplus that leads to the creation of wealth, but on the condition that shareholders take their share of the dividend. However, the defenders of the contractual approach²⁸ have criticized the notion of measurement by surplus, which considers the conflicts and asymmetry of information that can exist between shareholders and managers, based on the theory of agency and contracts. This again generates verification procedures that can be internal or external, the objective being to encourage the manager to seek the benefit for the shareholders.

As a result, there is no strong link between the creation or distribution of value. There is therefore a to-and-fro between the value created and its distribution.

On the other side, the supporters²⁹ of the rootedness theory, who advocate the safeguarding of contractualization, doubt the efficacy of any form of control.

Another approach³⁰ based on 'cognitive' theories, which is essentially based on the central role of the knowledge, skills, and specific abilities of the manager and his teams, changes the notion of information by the notion of knowledge in any value creation process.

With the advent of the pandemic, we need to think about the development of what is known as the "factory-less company" or the "networked company". This concept of company organization is not new; it dates back several years to the use of outsourcing methods for company tasks.

Some designers of this practice refer to it as "facilities management" by setting up a network a group of companies that share certain activities³¹.

4. Evaluation via participatory steering

Management of performance includes the participation of all the direct and indirect participants in the corporate, according to Blair (1995), and Charreaux and Desbrière (1998), who have tried to develop what is known as a pluralist or partnership approach to value, even if they are not shareholders. These authors contend that everyone who has an interest in the firm should take part. These external participants can assume a share³² of the risk, known as "residual risk".

²⁴ Capron et Quairel-Lanoizelee

²⁵ Benchmarking, target cost, reengineering, activity-based costing, ...

²⁶ value analysis, zero-based budgeting, hidden cost research.....

²⁷ This reinforces the idea of moving towards econometric modeling of the variables influencing performance.

²⁸ Berle et Means, 1932 ; Jensen et Meckling, 1976 ; Fama, 1980 ; Fama et Jensen, 1983

²⁹ Shleifer et Vishny, 1989 ; Castanias et Helfat, 1992

³⁰ Rumelt, 1984 ; Prahalad et Hamel, 1990 ; Kogut et Zander, 1992 ; Nonaka, 1994 ; Teece et al, 1997

³¹ Like Supply, Distribution, Production...

³² This share can be evaluated as the sum of the differences between the remuneration offered to the company's various stakeholders and the minimum price they demand to continue cooperating.

In our view, the approach adopted by Blair et al are aimed at a reasoned and anticipated sharing of the risk that a company may run, by involving all those concerned in the evaluation and measurement of the company's performance.

Thus, performance measurement can only come into being if we move from a measurement paradigm to an interpretation paradigm based essentially on steering³³ instead of control.

Unlike control systems, which limit and constrain the measurement of performance, the way of steering and empowering the people involved in the company and giving more importance to action than to the coordination of decision-making³⁴.

The company must therefore develop a system of empowerment³⁵ for the stakeholders involved in the company's product or service. This empowerment consists of developing several communication and participation skills³⁶ among the company's stakeholders so that they can take part in discussions about the company's future.

In this sense, we need to pay close attention to the notion of involvement and encourage those concerned to take part, in other words, those who have ideas but do not have the ability or courage to express them³⁷.

However, at the level of the piloting process, some authors³⁸ place a constraint on how piloting is carried out: the representations of piloting itself.

Thus, the question of sharing for these authors requires a certain recognition of the plural nature of relevance. The answer to this question was raised by Halgand, who advocates seeking out and listing the most important representations at the company level to influence them in favor of the company³⁹.

However, we must point out in this respect that the most important representation is not limited to the sole component of actors who can influence the level of the company, but we must also extend this representation to those concerned who voluntarily or involuntarily hide ideas for monitoring and evaluating the company's performance.

Farther from it, and as Meyssonier testifies, it is enough to have a panoply of things on which there is a consensus around the future of the company, according to the same author, we can steer without necessarily having a representation shared by everyone.

In this sense, Meyssonier refers to the identification of the minimum zone of consensus, which justifies the decision-makers use of only those instruments that provide relevant information within the firm.

To involve or not to involve those concerned by the company's performance, it is important to know first that the notion of measuring performance is currently outdated and is no longer considered to be a consistent tool for steering the company. This is confirmed by Lorino (1995)⁴⁰, who argues that with the growing development of environmental problems in companies, the fact of basing evaluation on the notion of performance is no longer acceptable.

It is, therefore, necessary to distinguish between the measurement operation, which retains an important role but is defined based on the objectives of the policy being evaluated, and the evaluation operation,

³³ For further clarification, we can say that: steering is not carried out directly on the action or task, but on the members' conceptions of the company's reality, to guide their behavior.

³⁴ Besson, 1995; Pariente, 1998 et 1999

³⁵ This concept is defined as Empowerment.

³⁶ Capabilities as defined by Nobel Prize winner Amartya Sen.

³⁷ his is what is called the Less Voice

³⁸ Halgand (1999) et Meyssonier (1999)

³⁹ This operation will require us to implement a number of representation engineering tools", which requires prior work on the structures of representations and their transformation.

⁴⁰ LORINO, P. (1995) *Comptes et récits de la performance*. Paris : Éditions d'Organisation.

which is conceived as a process that takes place over time and requires consideration of the changing phenomena under consideration.

Furthermore, the results of a project, program, or policy are measured to evaluate their relevance and coherence, the effectiveness of its implementation, their impact, and their sustainability. Evaluation is additionally to be a measurement in this sense.

We currently need to move from the notion of measuring performance to the notion of evaluating the company's performance, especially if we align ourselves with the postulate of Pendaries (2011), who stipulates that "the overall performance of the company is the conjunction of the performance of its technological and product (or service) innovation process and its organizational processes", we can say that there is a certain interaction of the impacts between the endogenous and the exogenous due to the management system adopted.

This type of evaluation can only be carried out through experimentation, i.e., by verification in the field. This evaluation by experimentation must respect five principles: the principle of causal relationships⁴¹, the principle of comparative measurements, the principle of random assignment⁴², the principle of representativeness,⁴³ and the principle of reproducibility⁴⁴.

Finally, to gain a better understanding of a company's performance, it is necessary firstly to listen to all those concerned⁴⁵ by the company's products or services, and secondly to carry out an evaluation exercise rather than a performance measurement exercise.

For the sake of simplicity, we can adopt the vision of Pesqueux (2002) who distinguishes between two categories of players around the company: the players he calls contractual and who are in direct collaboration with the company⁴⁶ and those he calls diffuse and who are located around the company towards whom the action of this company is impacted but without being in a contractual link⁴⁷.

5. Summary

In conclusion, the major goal of this article was to define the complexity of corporate performance. Our strategy seeks to better comprehend the various dimensions of performance management by exploring both traditional and innovative evaluation techniques and methods. By adopting a participatory steering approach, we aspire to contribute to the improvement of evaluation practices and to develop more effective strategies for guaranteeing the success of companies in a competitive and constantly changing environment.

⁴¹ The aim is to create a device that can be used to measure the effects of a program, i.e., to demonstrate a causal relationship between a treatment and measurable effects on a group of people.

⁴² This principle of random assignment is Chapin (1940), who stipulates random reasoning in the choice of groups to be experimented on.

⁴³ The aim is to ensure that the samples used for experimentation are representative, so as to guarantee the generalizability of the results obtained.

⁴⁴ Reproducibility of an experiment means: is the program reproducible once it has been evaluated? For this, we use Solomon's method, which is based on the notion of the placebo effect.

⁴⁵ Any person or institution affected by our product or service, whether positively or negatively.

⁴⁶ Such as: customers, suppliers, employees, and shareholders

⁴⁷ Such as: local authorities, public bodies, NGOs...

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