

# **Difficulties and Dilemmas of Adaptation: The Balanced Scorecard in the Context of Brazilian HEI's**

Tonny Kerley de Alencar Rodrigues  
Federal University of Rio de Janeiro/ Rio de Janeiro, Brazil  
e-mail: lrakt@ig.com.br

Átila de Melo Lira  
Paulista University/ São Paulo, Brazil  
e-mail: atilalira@hotmail.com

Irenilza de Alencar Naas  
Paulista University/ São Paulo, Brazil  
e-mail: irenilza@gmail.com

Daniel Max de Sousa Oliveira  
Faculdade Santo Agostinho/ Teresina, Brazil  
e-mail: danielmax2011@gmail.com

## **Abstract**

When analyzing the adoption of the BSC to the context of Brazilian Higher Education Institutions must adapt the method to the institution or the institution for the method? The answer to this question was obtained from an analysis of the internal and external environment of these institutions.

**Keywords:** Balanced Scorecard, Higher Education Institutions, Brazilian context.

## **Introduction**

In recent decades, an expansion have seen in the educational system of Brazilian Higher Education (Inep, 2014). This development helped to make the process of management of higher education institutions (HEI's) more complex requiring these new organizations strategies to overcome this complexity (Lima et al. 2012). The need to overcome these difficulties caused many HEI's Brazilian to appropriate business strategies adopted by traditional industrial and commercial organizations, among which stands out the Balanced Scorecard (BSC).

However, as highlighted Galvão et al. (2011), to ensure the effectiveness of the BSC in the context of IES's Brazilian, it is necessary that minor changes are undertaken in this methodology, but managers still show difficulties related to this process, especially in relation to a question: should adapt the method the institution or the institution of the method? Thus, this study aims to carry out an analysis of the internal and external environment of the HEI's Brazilian to verify that the strategies needed to adapt the BSC the distinct reality of these institutions are more associated with the method or the institution.

## **Theoretical Background**

The IES management has emerged as a complex activity, since this particular type of organization, and require their managers skills of a "true creator" as highlight Lima et al. (2012) still requires the development of strategies appropriate to their reality

that, in turn, differ from those adopted by traditional industrial and commercial organizations (Galvão et al. 2011). However, it was realized, in Brazil, an increasing in the last decade, studies that have sought to understand the nature and evolution of complexity involved in the management of these organizations (Müller 2001, Lima 2003).

According to Galvão et al. (2011) the planning stage of the production process of a BSC is common to any type of organization, the differences that eventually may arise refer to the characteristics, types, segment structure and the degree of development of strategic management in organizations. Thus, it is appropriate to consider the application and development of this strategy in the context of HEI's, public and private, Brazilian, since these institutions must have their evaluation mechanisms geared to the various aspects of management (teaching, research and extension) beyond to integrate other evaluation processes related to the concerns of society and regulatory bodies such as the Ministry of Education (Lima 2012).

As pointed out by the very Rocha and Casartelli (2014) no HEI can afford the luxury of resting on its laurels. Therefore, BSC's strategy has been used to improve the process of administration of these organizations. However, in Brazil, as well as in much of the world, it is still remarkable the difficulty that these institutions are to adapt the BSC tools to your reality. An alternative to this situation is perhaps what American universities have done. These organizations adapt the model to use different perspectives BSC those originally proposed by Kaplan and Norton (1992). In this new configuration perspectives as quality of teaching, research and extension become more common (Rocha and Casartelli 2014).

## Method

The research used qualitative methodology to develop the discussion on the phenomenon (Rodrigues 2012). This choice is guided in the features that come with the choice of this approach, in particular inductive approach and descriptive (Rodrigues 2014a). The inductive approach takes into account a sufficient number of individual cases and leads to concrete results, which in essence fits this study that aims to make an analysis and seek the interpretation of particular and specific cases, that is, through data side carry out an analysis of a determined empirical phenomenon (Maanen 1979).

The descriptive character is present in your search for goals, as here intended to describe characteristics of a given phenomenon establishing relationships between variables. As highlighted by Gil (1999), the descriptive research appears as an intermediate study of the exploratory research and the Explanatory thus describe means to identify, report and compare the facts studied granting them thus meaning.

The procedures adopted for the development of this study can be divided into two steps: (1) research bibliography and documentary; (2) analysis of the selected material for evidence allowing comparison and interpretation of the phenomena studied. The first step consisted of a literature search in articles, dissertations and theses of relevance and respected authors in thematic, Balanced Scorecard, IES Brazilian's and educational system of higher education in Brazil. This step was used to construct a theoretical discussion prepared.

The second stage consisted of a comparison and interpretation of theoretical findings where we tried to find a relationship between the phenomena described in order to formulate proposals to broaden the horizons of research. For the treatment of this material was used typological analysis procedure Lamnek (1989). The typological analysis is a descriptive procedure that aims to extract a more extensive material typical elements and describe them with a greater degree of detail. The basic idea put forward

by this method is descriptive techniques that can reveal details in more extensive materials. It is noteworthy that during the discussions questions were collected and analyzed through secondary data.

Thus, the typological analysis was used in order to conduct a refined analysis of the internal and external environment of the HEI's Brazilian, through records and documentary archives of the Ministry of Education and INEP, two organs of the Brazilian federal government that can best provide information on educational institutions in the country, and institutional documents of 91 private HEI's in Brazil in order to verify the need for adaptation is more associated with the methodology or the institution.

## **Results and Discussion**

This section is divided into two parts. The first refers to analysis of the internal environment of IES Brazilian where opportunities were checked and threats the implementation of BSC, and the strategies associated with this process. This led to three characteristics that represent this internal environment (management complexity, inefficiency of existing performance indicators, prevalence of educators ahead of institutions). In the second part, the same procedures were repeated, but in relation to the external environment and thus the analysis were guided by two characteristics that best represent this environment (expansion of the educational system and the BSC successful experiences in other segments) (Rodrigues 2014b).

### **Analysis of the internal environment**

#### **a) Complexity in the management of HEI's Brazilian**

As a natural consequence of the expansion of Brazilian higher education system the management of HEI's becomes a substantially more complex. As much as this finding has already been highlighted in some studies (Lima et al. 2012, Galvão et al. 2011) it is necessary that an inquiry be made: referred to this complexity?

First, the IES's already have an innate complexity to its processes that differ from traditional commercial and industrial organizations (Lima et al. 2012). Thus, the complexity highlighted by the authors of the area refers to diffuse objectives, multi-technology qualitative nature of the work, great sensitivity to environmental factors, more demanding of how society that produced results and inability to reverse errors, that when considering the activity main - teaching - (Rocha and Casartelli 2014). Then it may be noted that, with the expansion of higher education system in Brazil, this complexity was considerably intensified.

Second, this expansion in the educational system of higher education in Brazil, brought new challenges HEI's. Specifically analyzing the IES's private, no change, arising from changes in the education system, perhaps as striking as increased competition. Between 2001 and 2012 the number of private universities remained stable: 85. However, the number of colleges increased from 1059 to 1898 and the private universities rose from 64 in 2001 to 129 in 2012 (Inep, 2014). This increase of IES's private, requires these organizations need to differentiate, by adopting management strategies.

#### **b) Ineffectiveness of existing performance indicators**

Kaplan and Norton (1992) pointed out in his work that, historically, there is a trend of performance evaluation systems being reduced only through the financial dimension arising from the accounting indicators.

To specifically analyze the context of IES's Brazilian one realizes that there is a tendency not to the accounting measures, but in relation to academic measures. It should be noted that managing an institution, based on only indicators of this nature, it does not appear appropriate, especially in a context of such complexity and competitiveness. For the HEI's can be considered business organizations need to consider in their strategic decisions all perspectives involved. And a first step towards this is the adoption of performance indicators beyond academic measures. In fact, existing performance indicators, largely of IES's Brazilian, are ineffective when considering the context in which these organizations are inserted and the challenges it has faced (Galvão et al. 2011). The BSC, with their perspectives aimed at the long-term strategy is presented as an alternative to fill that gap management.

c) Prevalence facing educators institutions

There is a perceived negative trend in HEI's largely Brazilian these organizations are run by educators, or professionals with training and experience in the educational field and little or no technical knowledge in the management area. And what's worrying that fact? What are the implications of this HEI's Brazilian? In Brazil there are several studies analyzing sustainability and mortality developments and they are unanimous in stressing that the main cause leading companies into bankruptcy is the lack of technical and scientific knowledge, management, managers (Borges et al. 2012).

Another consequence of the fact educators make decisions and determine the guidelines in an HEI is that there is a strong tendency of these professionals give priority to educational evaluation mechanisms, as highlighted earlier (Rocha and Casartelli 2014). This bias occurs not on purpose, but as a result of ignorance owns these tools managers as the BSC, for example. Thus, there is becoming more difficult the implementation of the BSC methodology's IES conducted by educators because of their own ignorance about the existence of this and other management tools that can be used to enhance the effectiveness of organizational processes (Lima, Soares and Lima, 2012).

## **Analysis of the external environment**

a) Expansion of Educational System of Higher Education

According to the last Census of Higher Education, held in 2013, and released by Inep (2014), Brazil has 7,305,977 million students enrolled in HEI's. Adding to that number students of post-graduate studies, this amount increases to 7,526,681 registered. Compared to 2012, the year already had many positive numbers, there was an increase of 3.8% with respect to the number of enrolled students. This growing has occurred since the beginning of the century as a result of increased attention given to higher education in the country by the federal government.

The Census released by Inep (2014) also showed that in Brazil there are 2,391 HEI's, these 301 the rest are public belongs to the sphere of private education, responsible for more than 32,000 undergraduate courses. These data reveal the strength that IES's private have acquired in the last decade. This growth imposes a natural complexity HEI's in need of methods like the BSC, to override the difficulties that the scenario requires it (Lima et al. 2012).

b) Successful experiences in other segments

The BSC methodology has been widely used by companies around the world. Borges et al. (2014) pointed out in his research that 50% of US the Fortune 1000, an

important journal in the business, using the BSC. In European countries the adoption rate is close to 45% of all companies. In their study of 53 domestic and foreign companies with subsidiaries in Brazil, diversified segments, Echeverria et al. (2014) noted that 84% of them had significant improvements over organizational strategies.

Thus, the fact that companies with established brands in the national and international scene has subscribed to this methodology and achieved success through this choice allows you to do the following question: because it can not occur with the HEI's Brazilian? This successful experience in other segments should be taken as an important aspect to be considered by educational institutions that are in doubt as to the adoption of this methodology.

## Conclusion

This analysis in relation to the internal and external environment of the HEI's Brazilian brought to light important considerations that can be observed by managers at the time of implementation and operation of the BSC. Internally organizations seems to be the most critical points to be considered by Brazilian managers, since they should deal with problems such as the ineffectiveness of current indicators and the lack of managerial capacity of many contributors. The external environment is presented as more favorable as a result of the BSC successful experiences in other segments organizations that can motivate HEI's to adapt the method to their reality.

On the question of research, "must adapt the method the institution or the institution the method" response indicates that the changes should be undertaken together, there is nothing to change the philosophy of BSC is that this change is not accompanied by a reformulation of the management structure of the institution. Thus, before the BSC implementation process in HEI's Brazilian is suggested that aspects that make up the philosophy of BSC, as your prospects are reviewed and parallel changes in the institution are performed. For further studies to understand the impacts of these changes in the institution and in the method may add the theme.

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