

# MODELING CAUSE AND EFFECT RELATIONSHIPS OF STRATEGY MAP USING ECONOMIC AND SOCIAL PERFORMANCE FACTORS IN THE ORGANIZATIONAL CULTURE

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## Abstract

The paper deals with the possibility to use a strategy map as a tool for the management of a company's strategy. The objective of the paper is to introduce performance factors that are included in the map, playing an important role in the evaluation of economic and social indicators. According to defined factors we stated the performance model with a focus on three important corporate perspectives such as economic, working environment, and the local community. These perspectives are considered such an important part of the strategic management of the business and can help an organization to define and assess progress towards the attainment of its objectives. The introductory part of the article presents the reduction of economic and social factors of performance and further uses this information to draft a strategy map, specific to the chosen sector. Establishment of causal link schemes among the individual strategic objectives, mutually linked and influencing each other, leads to the confirmation that the success of the strategy depends on many factors.

Keywords: strategy map, business strategy, economic factors, social factors, factor analysis, performance, models, organizational culture

## INTRODUCTION

At present, the word “performance”, especially “company performance evaluation” is widely used. However, how can we measure such performance in the business environment? One of the definitions highlights that in the economy or industry the term “performance” means the ability of a certain unit to produce certain results, comparable with results achieved by other units based on certain established criteria. These results are usually interpreted as results quantifiable by positive values. Moreover, the performance is recognized as the ability to achieve such results over a certain period. One

of the grave problems, related to the company performance, is the method of measurement of such performance, its objectification – the performance can carry a different meaning for a different target audience in the environment of the company. For this reason, relevant processes and methods, measuring individual ratios and relations, have been developed (Kislingerová, 2009).

Lebas (1995) characterizes the performance as follows: performance is about both capability and future. He adds that performance is about deploying and management well the components of the causal model(s) that lead to the timely attainment of stated objectives within constraints specific

to the firm and the situation. Neely *et al.* (2005) define performance measurement as the process of quantifying the efficiency and effectiveness of action. Performance measurement is a process used to determine the status of an attribute or attributes of the measurement objects (Lönngqvist, 2004; Saunila, 2016; Taliento *et al.*, 2019).

Nowadays, performance evaluation constitutes an integral part of the company management; results are important both for the company management and stakeholders. In the context of company management, companies can choose from several methods of performance evaluation; a decision about the application of financial or non-financial indicators or application of some methods of the complex performance evaluation is left to their discretion. The majority of industries faces relentless competition; to withstand pressures, exerted by competitors, is more and more difficult. Therefore, more and more attention should be paid to search for possibilities to collect detailed information about customer needs and an increase in the efficiency of company processes, thus improving the company situation. In the past, with far less competition than today, companies were not so strongly motivated to formulate coherent strategies, taking into consideration this factor in their management (Taliendo *et al.*, 2019; Ukko *et al.*, 2007, 2008; Bititci *et al.*, 2004). Today, we can hardly imagine a successful, prospering company without outlined first-quality strategy. The company must be ready to combat potential hazards and grasp various opportunities; at the same time, the company should identify its strengths and weaknesses. Therefore, each company needs a formulated strategy for various situations to come; the company alone must identify, analyze and assess all relevant factors having a potential impact on the final strategy. The objective is to make a strategic analysis. Analytical conclusions can radically affect the future prosperity of the company; therefore, the analysis is recognized as one of the crucial factors of the company's success. Strategic analysis alone, resulting in strategy formulation, does not necessarily bring success to the company. The integration of devised strategy into day-to-day company business life and its practical application are equally important. Organizational strategy is crucial to improve the effectiveness of benchmarking performance measures (Meybodi, 2015; Ambrozová *et al.*, 2016; Aleksić *et al.*, 2019).

The Balanced Scorecard method has been developed to respond to the findings pointing out that true integration of strategies into routine operational activities and measurement of accomplishment of strategic objectives are rather problematic for many companies. Thus, not only the formulation of strategy alone is important for every successful company but also its practical

implementation. The application of the Balanced Scorecard tool in the companies constitutes the most important planning process tool (Lueg, 2015; Jakobsen, Lueg, 2014).

### Theoretical Background

Performance measurement, employing Balanced Scorecard, is based on the vision statement and strategy. The model has been designed to reflect the fact that no performance indicator can express the complexity of the entire company and its impact on the environment. Balanced Scorecard transforms the company's strategy into objectives, constituting performance measurement in four perspectives: financial, customer, internal process and learning/growth. A cornerstone of this model: companies should apply a balanced set of measures, including performance, in terms of financial and non-financial measures (Yadav *et al.*, 2013; Watts *et al.*, 2012). To be more specific, financial performance is often referred to as the resultant outcome realized by functions of intangible factors, such as human (learning and growth), social (customer) and structural (process) capitals (Balugani *et al.*, 2020). Unless a business model is something like simply lending money with a fixed rate, an organization's financial performance should be affected by numerous factors in a complex manner. Therefore, shaping a certain organizational culture might not be directly geared toward instantaneous monetary gains. Rather, with a widely supported premise that a sound culture will pay off, the development of organizational culture is aimed at fostering an ecology that mobilizes potential, empowers change for sustainable success and possibly reaps financial returns along the way (Miguel, 2015). That is, organizational culture will influence employees to go beyond tactical performance, such as making the numbers, and demonstrate adaptive performance based on shared assumptions and behavioral codes (McGregor and Doshi, 2015; Kim and Chang, 2019; Ambrozová *et al.*, 2015; Yang and Lew, 2020).

Recently, the group of non-financial performance indicators has started to dominate more and more. The strong position of these indicators is supported by the fact that purely financial indicators are insufficient to guarantee thorough evaluation and company performance management. Financial criteria focus too narrowly on the past; the current business environment is more conducive to the future, with a strong role of non-financial indicators. The Balanced Scorecard (hereinafter referred to as the "BSC") offers the approach, appropriately connecting financial and non-financial indicators, thus developing a sophisticated system aiming at the company performance (Halachmi, 2005; Pandey, 2005).

The best BSCs are more than just a pure set of critical indicators or key success factors. In a well-designed BSC, the indicators should consist of

the integrated file of consistent and mutually supportive objectives and indicators. A properly constructed scorecard recognizes a chain of causes and effects, communicating the importance of strategy to the individual business units in the entire company (Braam and Nijssen, 2004; Kaplan and Norton, 2000a, 2000b). Gomes *et al.* (2004) also found that the balanced scorecard is the most cited performance measurement system.

In the meantime, as with the CVF being prominent in organizational culture research, the BSC has stood the test of time as a legitimate framework for organizational performance. With its multifaceted, competing yet complementary nature, the BSC is an adequate match with the CVF for a comprehensive examination of what the culture–performance relationship looks like and whether the relationship remains consistent over time or otherwise. In particular, HR, customer and process dimensions of the BSC should be the ones to be examined because the financial dimension is regarded as a distal outcome that is confounded by many other factors (Kim, Chang, 2019).

A strategy map interconnects all strategic objectives, defined in the individual perspectives. The strategy map is a powerful management tool to clarify the method of strategy accomplishment in the company (Broccardo, 2010; Remeš, 2008). Grasseová *et al.* (2010) add that “a major innovation and improvement in strategic management process according to BSC can be seen in a strategy map projection”, as the classical “four-quadrant” model is considered obsolete nowadays; therefore, BSC model should be substituted for the strategy map. Besides, performance management is more effective where the individual objectives, except for variables, are logically integrated, with the understanding of strategic effectiveness.

Kaplan and Norton (2004) note that the strategy map provides a visual representation of a company's individual strategic goals, in the strategy defined in four distinct regions per BSC. An important characteristic is that the individual objectives are coordinated collaboratively to demonstrate their interdependence and method of value creation. Grasseová *et al.* (2010) add that the system of objectives in the strategy map is not based on algorithmic relations, i.e., objectives and indicators are connected logically, not mathematically. The individual strategy map segments are identical to the BSC perspectives as follow:

- financial,
- customer,
- internal process,
- learning/growth.

It depends on how these perspectives relate to the company's activity, whether all segments will be used or will be replaced with new ones, taking into account the targeting.

Strategy maps can be recognized as tools used to send a kind of message, how the value is created in the company. The strategy map illustrates the interconnection between individual strategic objectives and their causal relationships (Řepa, 2012).

Kaplan and Norton (2000a) emphasized that the better employees understand the strategy, the better they can implement strategies and they thus claim that strategy maps are a tool to help employees better understand strategy – but again, they do not provide concrete evidence to support that claim. In the work of Wilkes (2005), it was found that companies with scorecards and strategy maps outperformed other companies. This finding was supported by the work of Marr (2005), indicating that firms using a causal model had better performance than those that did not use it (Rompho, 2012).

<b>Mission</b>	Why do we exist?
<b>Core values</b>	What do we believe in? What makes us different?
<b>Vision, objectives</b>	Who we want to be?
<b>Strategic map</b>	Explanation of process determined in the strategy.
<b>Balance Scorecard</b>	Implementation and planning of results.
<b>Strategic initiatives</b>	What and how to do to support strategic objectives?
<b>Staff motivation</b>	What should „I personally“, teams and collectives do for the company success?
<b>Strategic outcomes</b>	
Satisfied shareholders	Satisfied customers
Effective processes	Motivated staff

1: Strategy map within a strategic plan  
Source: Fotr *et al.*, 2012

Fotr *et al.* (2012) mention that the BSC strategy map shows how the strategic plan manages intangible assets as capabilities to improve the value of the company. Fig. 1 illustrates the link between the strategy map and the strategic plan. Link-up to the company strategy is an important step to formulate all activities running in the company and connected with its business focus.

The association or relationship between corporate culture and organizational performance has been extensively studied and identified in business literature. Organizational culture (OC) is a pattern of behavior that reflects the values of an organization (Homburg and Pflesser, 2003; Schein, 1992). The values that management gives to its employees lead to expected results and thus help the innovation process. Values are becoming a means to influence employee behaviour (Munford *et al.*, 2002). Some empirical studies in the literature have also identified the connection with corporate culture towards performance in organizations (Meyer and Allen, 1991; Lau and Idris, 2001). Gordon and Christensen (1993) proposed that the industry has moderated the link between corporate culture and performance. Thus, a better understanding of the effects of OC on the productivity that has led to better performance could be obtained. However, some empirical studies have concluded that the variance and differences in the national culture might result in differences in the consequences of the OC towards the performance (Chow *et al.*, 1996; Steers, 1989; Lincoln, 1990; Kantabutra, 2020).

Moreover, Kotter and Heskett (1992) proposed that cultural change has become tougher as organizations become more successful and established. Their findings were relatively significant to the research of corporate culture because the long-term financial performance could be significantly affected by corporate culture. Thus, a strong culture could provide a better platform for producing higher productivity. Hence, the major findings from their work as the superior performance over long periods could only be achieved through the corporate culture that has stimulated the anticipation and adaptation of change management. Furthermore, Martin and Siehl (1983) concluded that the values in OC could be measured and observed. Thus, the comparison across organizations and individuals could be made to determine organizational and individual performance.

Nowadays, we often come across the term digital culture, which is conditioned by digital technologies (Eniola *et al.*, 2019; Gere, 2002). Risk aversion is one of the cultural factors that can be a potential risk of digital progress. In organizations with a long tradition, there is a high-risk aversion, low customer and employee orientation does not dare to present their ideas. The imperfection of organizational culture is one of the main obstacles to the success of society in the digital age. Risk aversion slows businesses,

reduces investment in strategic opportunities and does not tend to innovate. Organizational leadership should focus on, shape and approach culture with the same importance as dealing with operational issues. Building culture begins with the individual roles of executives who are a pattern of attitudes, behaviors, and values. The digital era brings higher possibilities for experiments, innovation, and investment. Management should encourage employees to present their innovative opportunities (Gronlund, 2017; Meng and Berger, 2019).

## MATERIALS AND METHODS

The main aim of this paper is to construct a strategy map based on performance indicators from the BSC area.

Primary quantitative data have been used to draft the presented strategy map. Primary data have been gathered with the use of the questionnaire survey during 2018–2019. The database created by the Czech Statistical Office and the Amadeus database by Bureau van Dijk have been used to select potential survey respondents. The empirical research has focused on companies, categorized in the CZ-NACE nomenclature in section J – “Information and communication activity in the Czech Republic”. The number of employees is higher than 250 has been another condition. The sample has consisted of 56 companies, participating in the questionnaire survey. The authors have collected data from 32 companies (statistically, the return rate of 57.14%). All calculations have been analyzed by IBM SPSS Statistics 25.

Key performance indicators have been identified by the mathematical-statistical analysis, specifically by factor analysis. Factor analysis helps to reduce relations among several mutually connected variables by a small number of features, factors, which are not directly observed. Thus, its primary function is defined by data reduction or reduction in variables. The so-called factor loading rotation matrix, interpreting identified factors, represents the result of factor analysis. These matrices have been created both for economic and social indicators, falling into the category of corporate social responsibility (market, working environment, local community), except the living environment (Hornungová, 2015).

In factor analysis, targeted financial indicators were identified four grouping factors. These factors are identified by titles, capturing the essence of the content of the mentioned variables. At the same time, Cronbach's alpha is added to evaluate the reliability of factor analysis's employment. Cronbach's alpha takes the values from 0 to 1, where the value 0 expresses the absolute uncorrelation of the individual sub-indicators, based on Tab. I. According to the requirement of Cronbach's alpha, factors “profitability”, “financial” and “return” can be accepted as a relevant result of the factor analysis,

I: *Rotation matrix of economic indicators*

Variable/Factor	Profitability	Financial stability	Return	Indebtedness
Return on Equity (ROE)	.927	.036	.019	-.129
Return on Assets (ROA)	.949	-.097	-.028	.013
Return on Investments (ROI)	-.141	.001	.877	-.028
Return on Sales (ROS)	.328	-.194	.708	.177
Earnings Before Interest and Taxes (EBIT)	.704	-.296	.033	.492
Liquidity	.024	.686	-.119	.311
Indebtedness	-.049	.294	.063	.861
Economic Value Added (EVA)	-.403	.376	.483	-.330
Operating Cash Flow	-.122	.931	-.004	.014
Total Cash Flow	-.117	.924	.010	.011
Cronbach's alpha	.860	.850	.542	N/A

Source: Hornungová, 2015

II: *Rotation matrix of working environment indicators*

Variable/Factor	Employee	Training	Workload
Amount of wages	.937	-.242	.018
Staff structure (age, sex, etc.)	.912	-.282	.134
Nature of perks	.805	.318	.026
Staff morbidity rate	.794	.228	.113
Hours of training	.754	.525	.167
Number of trained staff	.039	.981	-.032
Staff turnover	.003	.037	.865
Flexible jobs	.514	-.087	.677
Number of employee complaints	-.032	.642	.649
Cronbach's alpha	.889	.697	.621

Source: Hornungová, 2014

III: *Rotation matrix of local community indicators*

Variable/Factor	Activities	Cooperation
The success rate of projects, financed by a corporate foundation	.908	-.136
Hours of corporate volunteerism	.810	.398
Response to company activities	.717	.321
The volume of non-financial gifts	.394	.252
The absolute sum of donated funds	-.084	.937
Number of internships organized for students	.492	.788
Number of cooperating schools	.525	.770
The ratio of donated funds to gross profit	.560	.562
Cronbach's alpha	.854	.882

Source: own work

as variables within the mentioned factors strongly correlate. The factor of indebtedness cannot be used because it is saturated by the single variable only.

Individual variables, included in social performance indicators, are described in Tab. II. These variables illustrate factors for the area of

a working environment such as Employee, Training, and Workload (Hornungová, 2014).

The area of the local community could be considered as one of the key important areas, on which the company has to focus on. It reflects the relevant social area, which influences the productivity of staff in all corporate departments. According to factor analysis, there were identified two factors, which meet Cronbach's alpha limit (related indicators see Tab. III).

Identification of the key indicators, relating to both areas of performance, is followed by the strategy map proposal; its basic framework is driven by the Balanced Scorecard model. The benefit of this model is the maintenance of balance between financial and non-financial indicators. The strategy map allows defining the company's strategic objectives in a link to the mentioned performance indicators.

## RESULTS

As aforementioned, each company should choose its appropriate strategy and, subsequently, should enforce and integrate the outlined strategy into all ongoing activities. Therefore, nowadays, the performance measurement system with the performance indicators is primarily considered as an effective tool for effective company management both in the short-term and long-term time horizon. I.e., the basic requirement to be met (when creating the system of indicators) is their close link to the strategy (Synek, 2008).

Firstly, the strategy, representing a selected area of companies, should be outlined. The entire article connects economic performance with corporate responsibility, which – in this particular case – is defined by the social area. Based on these reasons the overall strategy has been understood in link to the “Responsible company”.

The classical BSC model includes four perspectives; the model is based on defined performance indicators in the areas, formulated by the factor analysis. These factors are crucial to the company's performance. In this point, we can highlight the difference between BSC concept philosophy and its use in the proposed model. The basic objective is to accomplish strategy by the fulfilment of strategic objectives; however, in different perspectives, in this article connected with CSR.

Strategic objectives for individual perspectives should be derived from the strategy of the company. These perspectives should be the analyzed areas, for which the factor variables have been determined, i.e., economic, working environment and local community perspectives. Thus, this model contains three perspectives. These perspectives are based on the results of the factor analysis of individual areas (Hornungová, 2014, 2015).

Three factors (profitability, financial and rate of return) have been defined in harmony with the

outlined rotation matrix of economic indicators (see Tab. I). Strategic objectives have been derived from these factors:

- achieving and improving profitability,
- financial stability,
- return on investments.

Achieving and improving profitability are derived from the first factor, containing the variables EBIT, ROE, and ROA. Generally speaking, achieving a positive economic result is the core idea of any business, i.e., its improvement is the strategic objective without any doubt. Generated profit shall help us to realize planned investments, or to develop our business activity in a different form. Furthermore, boosted profit shall help us to support our social responsibility.

The achievement of financial stability is based on three indicators: liquidity, operating and total cash flow. Commonly, money constitutes a fundamental element of each company. The objective has been defined as shown in the article; in our view, financial stability offers a certain possibility to earn a good reputation in the eyes of the stakeholders. From a CSR point of view, financial stability can be perceived in the area of the market, with one of the possible monitored indicators “timeliness of payments”; therefore, certain attention is paid to this aspect.

Return on investment is the last strategic objective of the economic perspective, containing two indicators – ROI and ROS. ROI indicator is predominantly used to measure return on investment of the individual projects; therefore, this strategic objective has been derived from the mentioned indicator. Companies invest in innovative services and equipment in the area of information and communication activity very often as the market, where companies work, is very dynamic. Flexible response and adaptation to changes are born out of pure necessity. Hence, the return on investment is important to force a company to its responsible growth.

According to the rotation matrix (see Tab. II), three factors have been used for this perspective. The following strategic objectives have been formulated:

- achieving and improving employee satisfaction,
- staff qualification maintenance,
- work-load stability maintenance.

Achieving and improving employee satisfaction is the objective based on variables: staff structure, nature of perks, staff morbidity rate, hours of training and amount of wages. All these indicators relate to the employees; based on their characteristics, we can directly specify employee satisfaction, with the aim of its achievement and further improvement. An important objective concerning the economic perspective, as already indicated in this article several times. Very often, employees create the true competitive advantage

helping the company to accomplish outlined objectives, i.e., profitability (the part of economic perspective) or market share increase.

The factor of training governs the issue of staff qualification maintenance as a defined objective. The training – as part of qualification – is one of the methods of education vital to consistently improve knowledge of staff about new technologies and innovations, very common especially in the area of information and communication activity. Where the company maintains the necessary qualification of its staff, such qualified staff can respond flexibly to the needs of customers, thus constituting the important part of the company and helping the company to accomplish defined (target) values.

Work-load stability maintenance is an important objective, especially for the company alone. The following indicators have been included: flexible jobs, number of employee complaints and staff turnover. Based on these variables the mentioned strategic objective has been framed, which should be paid special attention. The reason is, for instance, the staff turnover rate in the company, as higher staff turnover rate is accompanied with weakened employee area and poor image as to the employment policy (either among employees – i.e., internally, or from the point of external impact on new, potential employees); human capital is the key source in the company, which should not be underestimated.

Based on the rotation matrix (see Tab. III), the local community has defined two factors, taken into account to define strategic objectives, being:

- establishment and improvement of the company's activities,
- establishment and improvement of the cooperation.

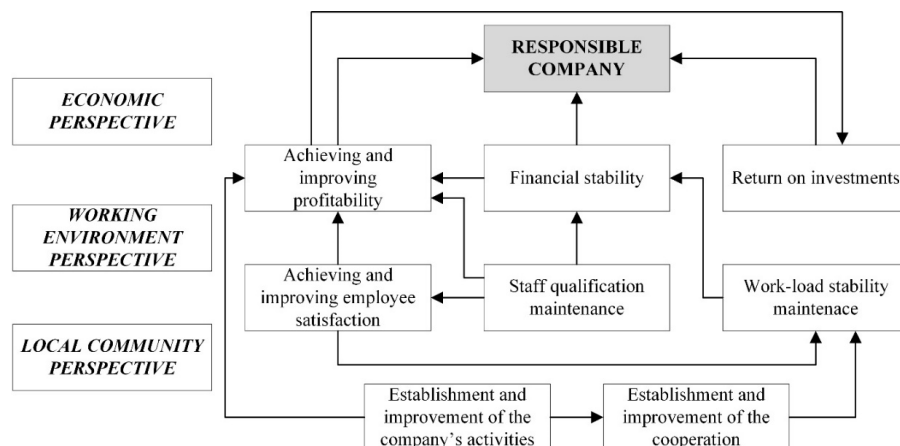
The establishment and improvement of the company's activities stands for the first strategic objective of this perspective, formed on the grounds of the indicators constituting its part: Ratio of donated funds to gross profit, Hours of corporate

volunteerism, Response to company activities, Number of cooperating schools, Success rate of projects, financed by the corporate foundation. All indicators can be deemed to constitute the company's activities towards the local community; consequently, the postscript “company activities” have been added. From CSR point of view, it is the integration of activities and cooperation into the company's activity; that is the reason why the objective has been called as the “establishment”; already introduced activities should be gradually improved – the company would be recognized by the public, enhancing better image compared to its competitors.

The second strategic objective (establishment and improvement of the cooperation) outlined in the last defined perspective, is closely related to the first objective. The following indicators have been considered: Ratio of donated funds to gross profit; Number of cooperating schools; Number of internships organized for students; Absolute sum of donated funds. The establishment of cooperation with educational organizations (highlighted by the factor of cooperation as the main group of the company's focus) or expansion of the topical activity, coming into foreground within the CSR as one of the determining activities, is considered. Again, the company's image factor is important – companies can build a strong position as employers, either as regards the recruitment of future employees from the groups of students participating in the internships, or the encouragement of awareness of their names and activities to be recognized by a new incoming generation of staff.

## DISCUSSION

As soon as the strategic objectives have been defined, the application of the BSC idea shall be advisable, integrating perspectives through causal links among the individual performance areas. The strategy map serves this purpose, see Fig. 2. Strategic objectives are assigned to each newly outlined



2: Strategy map for the evaluation of economic and social performance indicators  
Source: own work

perspective; the interconnection of the objectives of the individual perspectives is highlighted by links among them.

One of the key steps of BSC is represented by the establishment of schemes of causal links among strategic objectives. Causal links among objectives reflect causality and logic of strategic considerations, whereas the objective is to find out direct strategic links. Strategic objectives are interconnected and influence each other; therefore, the success of the strategy depends on the close operation among several factors (Franceschini, Galetto and Maisano, 2007; Broccardo, 2010).

The strategy map looks at eight strategic objectives and fourteen links among them. The identification of superior objectives is important to define the individual links; the identification of objectives to be used to accomplish the fulfilment of superior objectives is important, too. In this case, the main objective comes out from defined strategy, its fulfilment is supported by other economic perspective objectives, i.e., Achieving and improving profitability, Financial stability and Return on investment.

Profitability can be achieved and improved by several objectives. One of them is "Achieving and improving employee satisfaction", which is considered as very important. The objective of the company should be to employ a satisfied and motivated employee, skilled with the required professional knowledge. Knowledge of employees forms another objective of the working environment perspective, linked with the objective "Achieving and improving employee satisfaction". I.e., "staff qualification maintenance", whereas the relation among these objectives is highlighted in the strategy map, i.e., a causal link among them exists.

The achievement of appropriate qualification enables the employees to use state-of-the-art technology and to provide their customers with continuously developing information. Only such a person can meet the demanding wishes of customers and their satisfaction. The improvement in customer service will help to create a satisfied customer, who will be the source of revenues for the company, or can even help the company to attract new customers. At the same time, the objective linked with profitability has been connected with the objective of the local community perspective "improvement of the company's activities". I.e., provided that the company is involved in various sponsoring activities, its good image is built which, subsequently, is an important factor to attract new customers. "Financial stability", the objective affecting all the above-mentioned aspects, is closely linked to the "Achieving and improving profitability". This objective contains measures, related to the liquidity and company cash-flow, whereas their task is to pick up all sorts of alarming signals of any payment problems and to assess the financial potential of the company. As the cash-

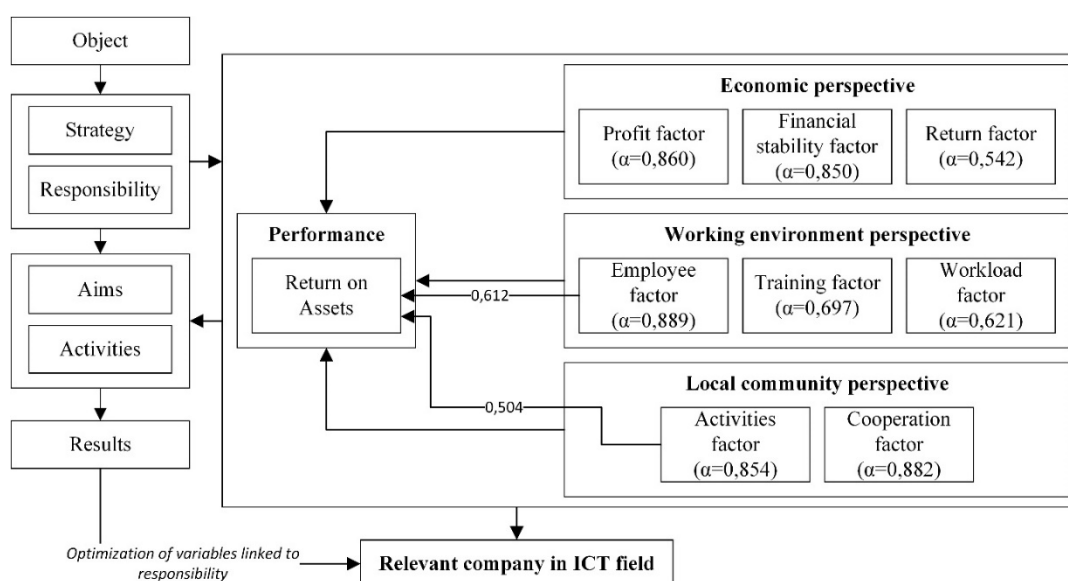
flow is very commonly used to assess and analyze the company's performance, budgeting of financial incomes and expenses and future payment ability of the company, the financial stability is understood as the satisfaction of owners or creditors, which can be guaranteed through the maintenance of stable rate of indebtedness or the company solvency guarantee. The creation of financial resources, the objective of which should be the maximization of revenues, control and cost reduction, constitutes the part of the cash-flow management. The strategic objective is met in the maximization of revenues, resulting from the increase in revenues and costs control: achieving and improving profitability.

Preserving financial stability, as described in the previous text, is the result of incomes and expenses and builds upon two strategic objectives. The first one is the "staff qualification maintenance", related to the retraining and training. Oftentimes, these are items that can significantly burden the company's budget. Therefore, these costs should be taken into account and should be included in the system of evaluation of incomes and expenses. Simultaneously, the use of the latest technologies can prevent possible mistakes and complaints; this milestone stimulates the cost reduction. Where the company still meets standards, supported by given certificates, and where the company tries to be awarded new ones, the perception of the company by the public might be improved and through the quality can contribute to the cost reduction.

At the same time, the "work-load stability maintenance" has been identified to contribute to the accomplishment of this objective. This particular objective is supported by additional two strategic objectives. Should we mention them from the bottom, the "improvement of the cooperation" in the area of the local community influences the "work-load stability maintenance" from the position of the employer. Within the framework of the co-operation with schools, the company can search and form employees in harmony with its ideas (e.g., a trainee program). The company can train young and flexible staff, originally students and graduates, in a way to have a loyal staff in the future – just these people can be beneficial to the company; their work is quality and they are happy to work in a good company, positively reflected by the society. At the same time, the factor of company's image is influential; companies build, also through company activities (the strategic objectives with the link to the improvement of co-operation), the good position as the employers; thus, these companies are becoming the attractive employers for people who want to work in such companies. Simultaneously, in a link to the strategic objective "achieving and improving employee satisfaction" the jobs would be stabilized from the point of staff turnover.

The last strategic objective, not yet mentioned, is the "return on investment". This objective follows the "achieving and improving profitability", based





3: Evaluation model of chosen performance factors

Source: own work

on the reason specified in this paper already for several times. To calculate the return on investment, the main input variable is the profit in any form; therefore, the fulfilment of this objective should

take into account the profit and its achievement; in better case, profit increasing, facilitating the return on investment. Whole model with all connections is showed in Fig. 3.

## CONCLUSION

The strategy map, illustrating the causal link among the individual objectives defined based on the identified factors, has been drafted as the main objective of this paper. The indicators for the evaluation of these strategic objectives must be defined as specified strategic objectives. As Broccardo (2010) mentions, the strategic objective is completely described when the target value of its indicator has been specified.

As to the fact that the target values should be defined within the framework of the individual or group interviews of the company management and their final formulation should be discussed and decided jointly, the target values of indicators have not been used in this specific case; nevertheless, average values of the analyzed industry or values of the specific company in the past period can be used. This method can be employed in any sphere of business. The article describes the method by which companies can specify important performance indicators, playing a key role in the accomplishment of defined objectives. Proposed social performance indicators should help companies to prove their progress in their achievement of sustainability objectives (Taliento *et al.*, 2019).

The research explanatory value could be improved with more companies involved. Nevertheless, the number of respondents has not been so low to prevent the formulation of certain analyses derived from the evaluated data. Certain continence of companies in the stage of data collection has represented the main research hindrance. If most of the data had been publicly available, the questionnaire would not have been so detailed. However, this is a general problem of voluntary reporting in the Czech Republic.

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