Revue du Contrôle de la Comptabilité et de l'Audit
ISSN: 2550-469X
Numéro 3 : Décembre 2017

Impact of a Sustainable Strategy on Control Systems: Case Study Approach of a Public Transport Company

Impacte d'une stratégie durable sur les systèmes de contrôle : approche par étude de cas d'une entreprise de transport publique

Mme. BENATIYA ANADALOUSSI Manal
Doctorante FSJES Mohammedia – Université Hassan II
Laboratoire de Performance Economique et Logistique
andaloussimanal@gmail.com

Pr. ALIJ Noureddine
PES FSJES Mohammedia – Université Hassan II
Laboratoire de Performance Economique et Logistique
alijnour@yahoo.fr

Revue du Contrôle de la Comptabilité et de l'Audit
ISSN: 2550-469X
Numéro 3 : Décembre 2017

Impact of a Sustainable Strategy on Control Systems: Case Study Approach of a Public Transport Company

ABSTRACT

Over the past two decades, the CSR topic have been in considerable progress on the part of both practitioners and academics. However, to date, few researches has focused on control systems designed for implementing a sustainable development strategy. In our case, we will invoke corporate social responsibility (CSR) as a sustainable stratetegy. This article attempts to analyze this organizational practice through the study of a CSR control system set up by an urban public transport company by mobilizing the theoretical framework of levers of control. The expected results of the research would make it possible to conclude that the control system has been transformed from an interactive use, planned as a top management objective, to a diagnostic use later observed at the operational level.

Key words:
CSR, sustainability, interactive control, diagnostic control, performance.

RESUME

La thématique de la responsabilité sociale de d'entreprise (RSE) a connu ces deux dernières décennies des évolutions considérables tant du côté des praticiens que du côté des académiciens. Cependant jusqu'à aujourd'hui, peu de recherches se sont intéressées aux systèmes de contrôle visant l'implémentation d'une stratégie de développement durable, il s'agit dans notre cas de la responsabilité sociale de d'entreprise (RSE). Cet article analyse les pratiques de déclinaison de stratégie RSE à travers l'étude des systèmes de contrôle de la RSE à travers une étude qualitative exploratoire d'une entreprise de transport publique urbain en mobilisant le cadre théorique des leviers de contrôle. Les résultats escomptés de la recherche permettraient de conclure à un glissement du système de contrôle d'une utilisation interactive (objectif du top management) vers une utilisation diagnostic (constatée ultérieurement au niveau des opérationnels).

Mots clés :
RSE, durabilité, contrôle interactif, contrôle diagnostic, performance.

INTRODUCTION

According to Quairel (2006), Global Performance "represents the company's contribution to the Sustainable Development Goals. It is part of the CSR control system. It supposes a multiplication of the domains of control and an enlargement of their perimeter. It implies, in theory, the integration and balance between economic, environmental and social objectives. "

Thus, the notion of performance concerns a wider field than the usual financial field. Starting from the reframing of the notion of global performance according to Quairel (2006), Corporate Social Responsibility (CSR) offers the opportunity to revisit the operation of control systems. However, little research has focused on CSR control systems (Quairel, 2006). Most studies have focused on extrafinancial communication practices (Oxibar 2003, Damak Ayadi 2006). Yet, CSR impacts control systems and provides an opportunity to better understand how they operate in a partially new context for actors experiencing these changes.

Some companies then implement CSR control systems that work in an integrated way with more traditional systems. Others are setting up CSR control systems parallel to traditional systems.

By extension to Simons' initial definition of control systems (Simons, 1987), Berland and Moez (2009, p.2) define CSR control systems as "the set of formalized, information-based procedures and systems". financial and extrafinancial, environmental and societal, which managers use to maintain or modify certain configurations of the organization's activities seeking to improve the overall performance of the company".

CSR control systems are then concerned with societal performance, which is now considered as an integral part of the organization's performance, i.e. a performance that takes into account an increased number of dimensions (Devinney R. , Johnson Y., 2009) at the risk of overloading managers' attention. Nevertheless, these control systems are still in the construction phase.

The goal of this research is to explore this relatively unknown field. Precisely, we tray to understand what are the consequences of implementing a CSR policy on control systems?

To answer this question, we will use the theoretical framework of the control levers (Simons, 1995). This allows to analyze the design of a control system through four levers, two of them (diagnostic and interactive systems) are used specifically to analyze the monitoring and reporting systems by the managers use to monitor the implementation of the strategy or to understand better the strategic levers on which they are based.

CSR is a source of strategic uncertainty for companies as it redefines markets and practices. The multiple levels of performance that CSR introduces complicates the implementation of the

strategy and puts managers in a position to learn how to handle these different levers of performance improvement.

Given the weakness of knowledge in this area, we opted to search by case study. It is based on a study conducted in a multinational company of public transport sector.

In the first part of this article, we will summarize the theoretical issues associated with CSR control and the theoretical framework (Simons, 1995) and how can it help to analyze the practices observed. Then, we'll present in the second part the case study and the CSR monitoring system set up within the multinational TPU.

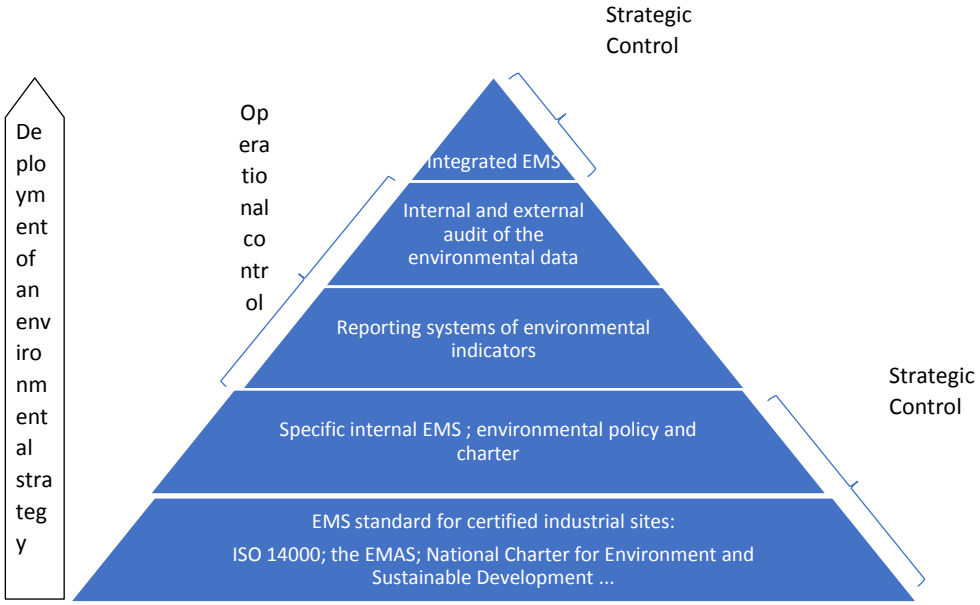
1. CSR STRATEGY AND CSR CONTROL SYSTEM

In this first part of the work, we formulate the theoretical framework of our study by threw the control levers which will allow us to explain the impact of the adoption of a CSR strategy on organizational control systems.

1.1. DECLINING ENVIRONMENTAL STRATEGIES: PRELIMINARY OF SOCIETAL STRATEGIES

To deploy environmental strategies, several managerial tools were created to provide businesses with reliable, comprehensive and effective systems to implement these strategies. In general, it includes all of these systems in the environmental management system (EMS) (Figure 1).

Figure 1 Pyramid of managerial tools to decline environmental strategies



Source : Moez Essid. Quels outils de contrôle pour décliner les stratégies environnementales ? Comptabilité et environnement ", May 2007, France

Environmental management systems have experienced recently a boom across the world by both large multinational as small local EMS. These systems are adopted as a framework for integration in organizations, policies, programs and practices for the protection of the environment.

Among the EMS formalized that have had the most success within companies are ISO-14000 standards and European standard EMAS, ISO-26000 standards and CSR LABEL object of our empirical study. The implementation of these certifications can be considered a first step towards a CSR strategy.

Below, we present these two standardized systems standards ISO-26000 and ISO-14000, and we also expose the particular case of CSR LABEL of the General Confederation of Enterprises of Morocco (CGEM) and the National Charter for Environment and Sustainable Development.

1.1.1. ISO-14000 STANDARDS :

The objective of the ISO-14000 environmental standard was to "prescribe the requirements for an environmental management system (EMS) that allows an organization to formulate a policy and objectives that takes into account legislative requirements and information related to significant environmental impacts. "

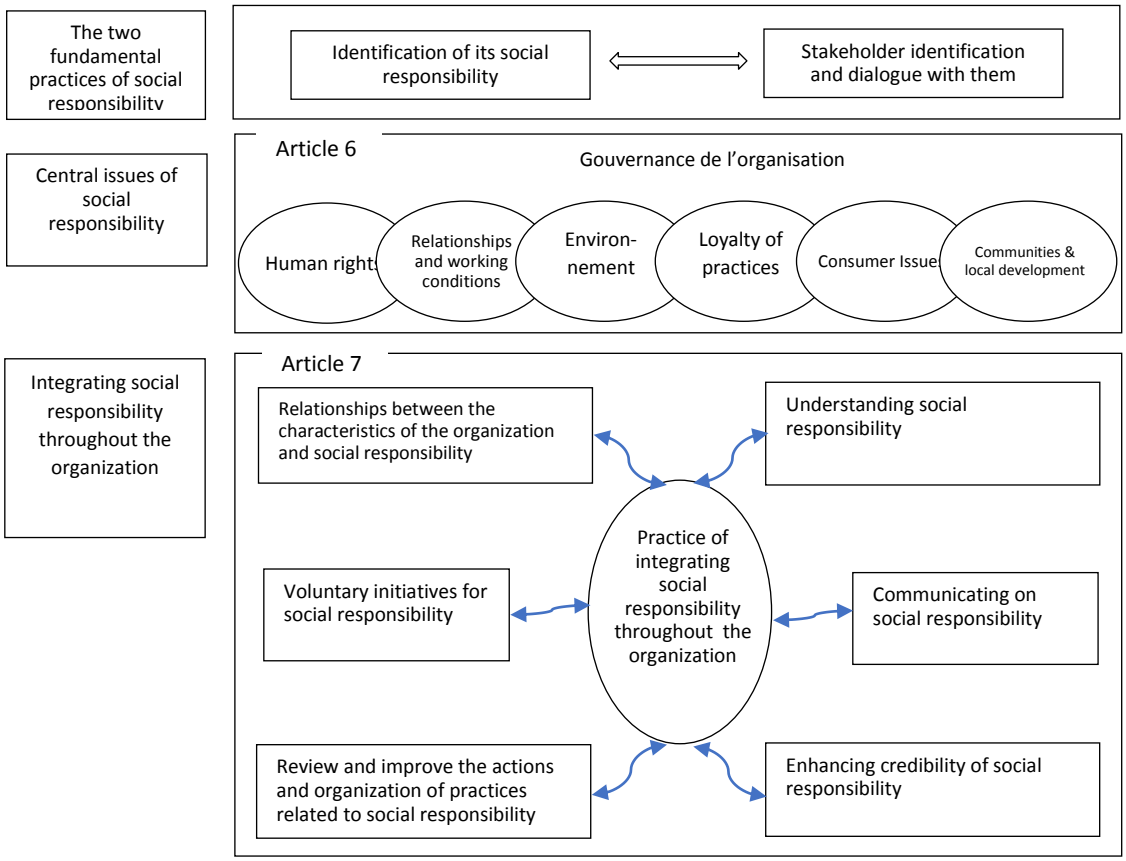
The ISO-14000 standard is based on the principle of continuous improvement of the environmental performance by controlling the impacts related to the company's activity.

1.1.2. ISO-26000 STRANDARDS :

The ISO-26000 voluntary standard was published in 2010 and offers all types of organization guidelines regarding their social responsibility. Normalizers define this standard as the responsibility of an organization toward the impacts of its decisions and activities on society and the environment, resulting in a transparent and ethical behavior (Figure 2) that:

- Contributes to the sustainable development, health and well-being of society;
- Takes into account the expectations of the stakeholders;
- Respects the established laws that are consistent with international behavior standards;
- And who is integrated throughout the organization and implemented in its relationships.

Figure 2 Summary diagram of the ISO-26000 standard



Source : ISO-26000: 2010 Lignes directrices relatives à la responsabilité sociétale

1.1.3. CGEM CSR CHARTER:

The CGEM Label for Corporate Social Responsibility is a distinction which recognizes the CGEM CSR business engagement and integration into their management strategy and daily operations.

It is a tool available to companies wishing to measure their CSR commitment, progress and make known the progress to their employees, partners and the community.

CGEM's CSR charter reports the guidelines of the ISO-26000 standard to Moroccan companies (table 1):

Table 1 Comparative analysis between the CSR charter CGEM and the ISO-26000 standard

ISO-26000 7 central issues		CSR Charter (CGEM) 9 objectives axes
6.2 Governance	⟺	6. Strengthen the transparency of corporate governance
6.3 Human rights	⟺	1. Respect human rights

6.4 Relationships and working conditions	⟺	2. Continuously improve employment and working conditions and professional relations
6.5 Environment	⟺	3. protect the environment
6.6 Loyalty of practices	⟺	4. Preventing corruption 5. Respect healthy competition 8. Promote the social responsibility of suppliers and subcontractors
6.7 Consumer Issues	⟺	7. Respect the interests of customers and consumers
6.8 Communities and Local Development	⟺	9. Develop societal commitment

Source : Adaptation par les auteurs de « Présentation CGEM : Analyse Comparée entre la charte RSE de la CGEM et l'ISO 26000 »

1.1.4. THE MOROCCAN NATIONAL CHARTER FOR THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT:

The Moroccan Ministry for the Environment has established the National Charter for Environment and Sustainable Development in the context of the new Moroccan constitution of 2011 which brought a new push to this process by establishing the sustainable development as a right for all citizens. The National Charter for Environment and Sustainable Development developed in 2010 was formalized in the law under No. 99-12 passed by Parliament in February 2014 and published in the Official Gazette on March 20, 2014. The Act sets the framework fundamental objectives of the State in matters of environmental protection and sustainable development.

From a control management point of view, we distinguish between EMS on the one hand and environmental management control on the other. Indeed, the EMS may constitute "strategic" control systems, while the environmental management control is more of an "operational" control or an "execution" control as defined by Anthony (1988),that is, concerned with the suitable performance of daily tasks.

Indeed, environmental management control systems are similar today to more operational control systems or "execution" as defined Anthony. Most of the time, these are control systems, or more precisely, systems for measuring and monitoring environmental performance through indicators, dashboards, ...

1.2. ANALYSIS FRAMEWORK OF CSR CONTROL SYSTEMS

In a situation of strategic change, notably the adoption of CSR strategies and the management of global performance, it is relevant to mobilize Simons' framework of analysis (1991, 1994, 1995) since it presents an adequate reading grid. and complete for control tools used by managers. Indeed, setting up a global performance management tool through the deployment of a sustainable strategy, is instored only for the purpose of a real strategic change and should above all be analyzed according to the grids that take into account this dimension.

In 1987, Simons formulated a new definition of control systems. It qualifies them as all of the "formalized procedures and systems based on the information that managers use to maintain or modify certain configurations of the organization's activities".

This definition of control systems is by nature quite wide. It is not limited to the financial and economic dimensions of the firm. The information on which the system is based could be financial or not. Similarly, the configurations of activities concern both commercial and economic activities, but also social, environmental, and so on.

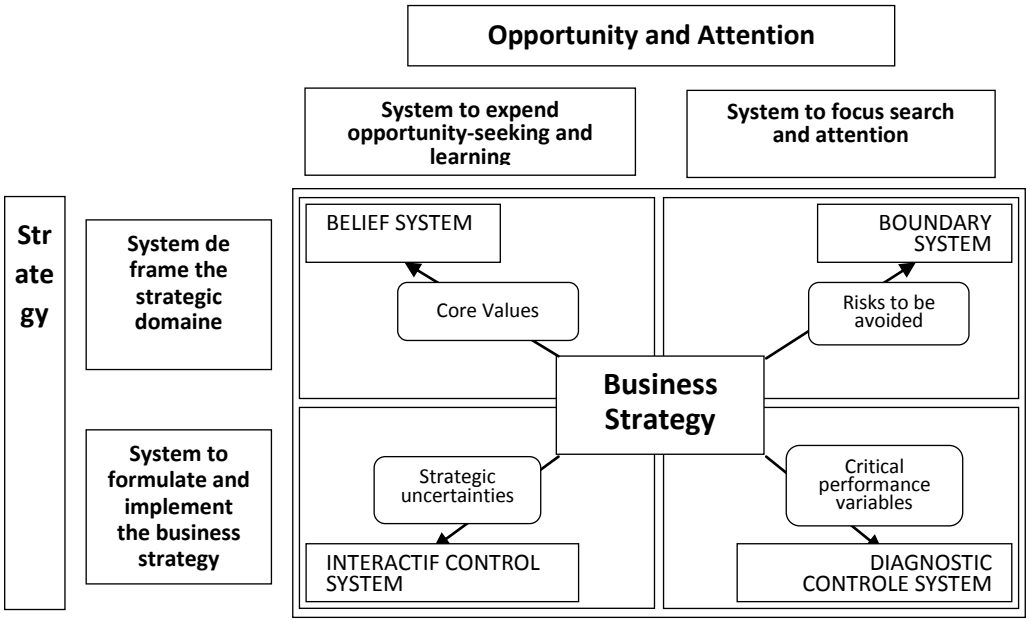
By extension to the original definition of Simons, Moez (2009, p.2) postulates that "CSR control systems are all formal procedures and systems, based on information extra financial, environmental and societal, that managers use to maintain or change some configurations of the organization's activities seeking to improve overall business performance. "

According to Simons (1995, p 175) four control levers (figure 3) are used to:

- Inspire the adherence of individuals to the goals of the organization;
- Mark the territory of experimentation and competition;
- Coordinate and manage the execution of the strategies of the moment;

- Stimulate and guide the search for future strategies.

Figure 3 Simons' levers of control



Source : R. Simons (1995), levers of control, how managers use innovation control systems to drive strategic renewal, Harvard Business School Press, p. 157

In this study we focus on the two levers of control players executing strategies when and stimulating future strategies. Indeed, these two control levers cover what is traditionally covered by control systems and involve the stakeholders in two ways:

- **A diagnostic control system :** This is the classic form of control. This control is performed through a set of indicators reflecting different dimensions of the performance of the company or more generally the information necessary for managers. The goal is to be quite exhaustive in measuring performance. This aspect of control must often be automatized in order to free up time for managers and controllers as the information to be processed is large.

  According to Simons (1995, p.60), "almost all the writings in management control refer to diagnostic control systems".
- **An interactive control system** (Simons, 1995, 95): For managers it's about interacting very strongly with their subordinates to deal with strategic priorities and to be personally involved in their decisions. Their attention is then focused on one of the control tools.

Simons' work helps us to analyze how to use control systems to develop a CSR strategy. This theoretical framework focuses more on how the tool is used by managers to achieve their goals, rather than the way in which these systems are composed and articulated.

2. CSR CONTROL SYSTEM: CASE STUDY OF AN URBAN PUBLIC TRANSPORT COMPANY IN MOROCCO

In this second part we will study the case of a company from the urban public transport sector that will be named TPU-MOROCCO, then we will explain the methodological approach adopted before studying the impact of the adoption of a CSR strategy on the diagnostic and the interactive control systems.

2.1. PRESENTATION OF THE CASE AND METHODOLOGY

TPU-GOUPE is the 5th largest public transport operator in Europe and European leader in mass transit with operations in more than 13 countries. TPU-GOUPE's submission was selected following an international call for offers, according to precise qualitative and quantitative objectives for a period of 6 years.

The new operator and maintainer has set up a subsidiary in Morocco, which ensures the creation of 300 new jobs. Therefore, qualified personnel are trained to operate and maintain the public transport network. TPU-GOUPE started to interfere as early as June 2010 in the preparation phase of the commissioning.

Present in a service sector sensitive in terms of environment and security, the company is particularly observed by external pressure groups. The various stakeholders constantly question the relevance of the company's choices, criticize its results and often judge its environmental policy.

In addition, the recent restructuring of the group (its fusion with VE Group in 2012 and the acquisition by the French CDC) was accompanied by the deployment of new strategies including an environmental and societal strategy. This choice constituted a strong strategic break for the group, and caused a cultural confusion that was reflected in management practices.

The group's CSR policy aims to build "responsible mobility" by engaging with all stakeholders, with a view to public interest and territorial development at both the international and national levels through the subsidiary TPU-MOROCCO.

Indeed, TPU-Goupe integrates CSR into its governance and is an adherent of the Global Compact of the United Nations since 2003. The group defends the principles set out in the Global Compact, relating to human rights, labor law, the defense of democracy and the fight against corruption. The group also adheres to the Sustainable Development Charter of the International Union of Public Transport (UITP). As part of the implementation of the CSR commitments of the network, the Moroccan subsidiary, object of our study is labeled CSR according to the charter of the CGEM.

Concretely, this will be expressed in three axes:

- **Environmental**: by offering attractive transport systems, flexible, supportive, offering spaces for dialogue and favoring good environmental practices.
- **Societal**: by getting involved in the life of local communities, by conducting citizen awareness actions, especially with the travelers of tomorrow, by acting for social and urban cohesion, by promoting responsible purchasing or by involving suppliers in CSR approach. TPU-MOROCCO fits well with a view to create shared value (Porter and Kramer, 2011)
- **Social**: by mobilizing all the group of actors to offer the best of mobility, so that they can exercise their mission, improve their skills and contribute to the collective strength, particularly in terms of security.

RUDEP is the name chosen by 550 contributors in 20 countries to baptize the new CSR reporting tool. With this tool, the group has the ability to establish a state of social and environmental data from the subsidiaries, and have a solid foundation for further progress in continuous improvement logic.

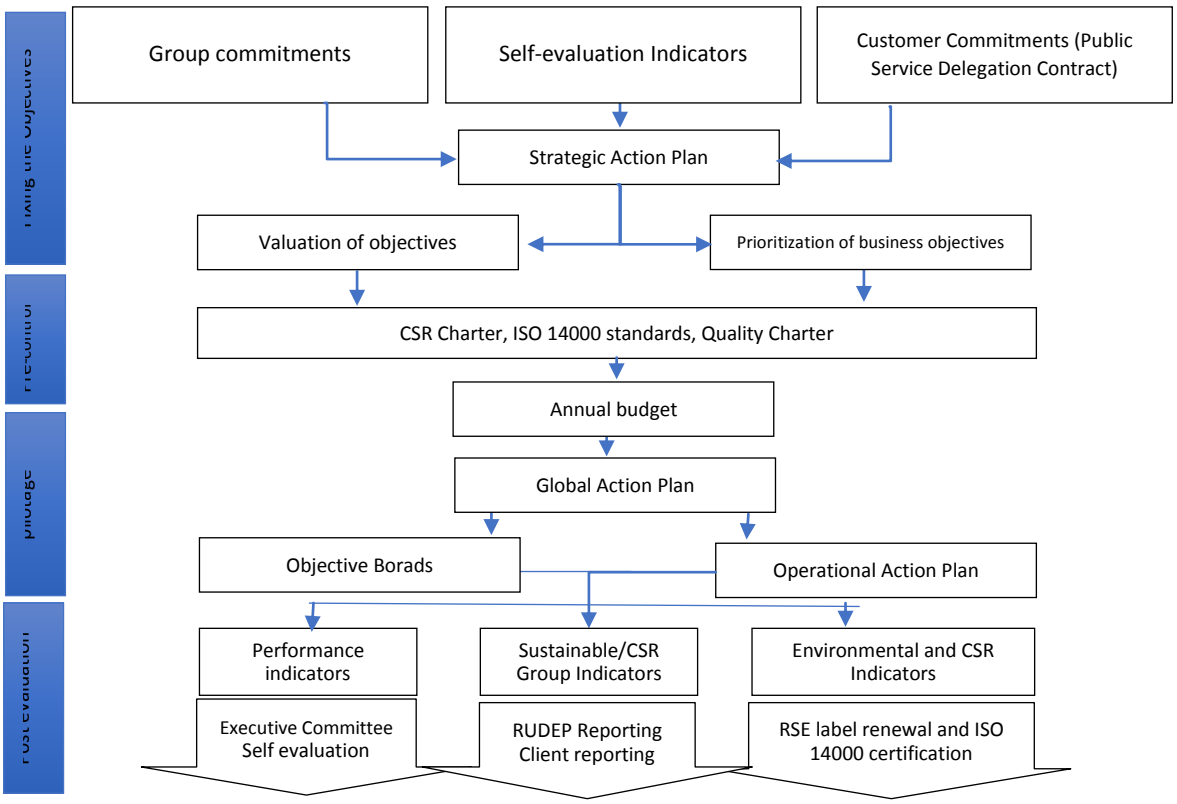
The recent birth of the group, its strategic vision for environmental and social trends, integrated managerial system and the even nature of its activities make this company a land of rich and conducive study about the implementation of CSR strategies and the management tools that that frame and control the strategy. In addition, the TPU-MOROCCO case presents a situation to observe the integration of fundamental dimensions of CSR strategy.

2.2. AN INTERACTIVE CONTROL SYSTEM FOR AN INTEGRATED MANAGEMENT SYSTEM

The performance management at TPU-MOROCCO is a "global" control (Figure 4), simultaneously integrating the three forms of organizational performance: economic, social and environmental. It is based on several tools, which we wanted to organize and present according to

the three phases of the control process (Bouquin, 2008): finalization of objectives, piloting and post-evaluation.

Figure 4 The steering process of Global performance at TPU-MOROCCO



Source : Developed by the authors

2.2.1. SETTING THE OBJECTIVES

Before setting the objectives, self-evaluation is carried out at the business unit level. They highlight the strengths and weaknesses of each business Unit from a predefined set of criteria for improvement from stakeholders TPU-MOROCCO (mainly transport users/ passengers, the Group company and the customer). This allows identifying the main priority actions that will feed into the strategic action plan (which represents the group's business plan, consisting mainly of commercial objectives). The different objectives are subsequently prioritized and integrated into "Objective bords".

The advantage of such a triangulation is to allow the group, and the various business units, build targets simultaneously integrating the different CSR aspects into a single management system shared between 3 sub information system (one per profession):

- Operating Information System: Heurès
- Maintenance Information System: GMAO Carl software
- Marketing and Communication Information System: Business Object

2.2.2. PILOTAGE

Preceding the pilotage phase, there is a brief phase of quality, environmental and CSR standards control. This pre-control step of verifying the consistency between goals and standards before moving to the pilotage phase.

Piloting the CSR strategy is basically done through action plans or goals boards. These are directly derived from the self-evaluation and all planned goals.

These plans are integrated into traditional and classic budgets by business line. Therefore, There is the intention to don't disconnect traditional management processes from the dimensions of CSR..

2.2.3. POST-EVALUATION

Finally, post-evaluation is based on a wide set of performance indicators. This set of indicators involves progress indicators inspired from the business self-evaluation and the performance indicators of the action plans. These indicators are used at the same time for group reporting and internal control.

Performance indicators have a considerable importance in the management of the group and the subsidiary TPU-MOROCCO. Every action, project or realization, leads quickly to produce a new set of indicators. This is probably due to a strong culture of indicators within the group.

Moreover, since the operations and maintenance of urban transport network is a collaborative and participatory work, the responsibility for measuring and monitoring the indicators is delegated to different actors, operational or functional who are each responsible for a group of specific indicators. These indicators are then reported on the various information systems of the 3 business lines and then sent to the QSE Manager who injects them into RUDEP the Group reporting system. Part of these operational KPI indicators (km traveled, energy consumed, fuels, number of passengers, staff and turnover, socio-political environment, donations granted, variation in payroll, etc.) are capitulated by the Control Manager and injected into the financial reporting system VECTEUR.

At the end, the system in place is fairly standard. However, it is also original because it addresses multiple sources of performance related to CSR. We will now analyze through interactive and diagnostic levers of Simons in order to present a more dynamic approach.

2.3. LEVERS OF CONTROL OF CSR PERFORMANCE

TPU-MOROCCO developed interactive and diagnostic systems to drive CSR performance at operational levels.

The CSR control system in place has the characteristics of an interactive control system according to the following process (Figure 5):

- The rotating aspect in the construction of the objectives based on the self-evaluation criteria brings a learning effect to the TPU-MOROCCO control system. This learning effect has a positive impact on the management of global performance.
- The control tools serve TPU-MOROCO's continuous improvement process and implies a questioning of its objectives and actions. Thus, the progress of the company can be visualized by reaching the level of increasing control of each of the criteria of the self-evaluation reference system.
- Control instruments involve intensively and regularly the operators at different levels to inculcate strategic change.
- The measures for improvement are constantly changing since they must be essentially derived from the exchange and experience of previous cycles.
- The group uses strong internal communication and a training programs on CSR, to decline and operationalize the new values.

Figure 5 The architecture of the CSR control system at TPU-MOROCCO

Source: Developed by the authors

Alongside this interactive system also operates a **diagnostic system** consisting of several tools. The group has set up an information system (RUDEP) and dashboards that enable decentralized collection of a large number of non-financial indicators related to CSR. From RUDEP are outputs standardized information that is the basis for reporting to senior management to confirm the company's evaluation. Beside RUDEP operate more traditional financial and budgetary reporting systems that track financial information (VECTOR). The financial information is accessed by the Group managers but don't provide the option to exchange at the subsidiary level.

Conclusion

The results of this paper raise the issue of integration the CSR dimensions to organizational performance control and their impact on the control system.

From an empirical point of view, it is imperative to complete the study of the TPU-MOROCCO case by analyzing the evolution of the articulation of the interactive control and diagnostic control. The expected results of the study forecast an alteration of interactive control / diagnosis to a purely diagnostic control. This alteration is mainly due to the managers cognitive overload and operational staff who prefer to focus on the TPU-MOROCCO business rather than investing resources to interact on a continuous basis with the control system and, more generally, with the management systems.

CSR is a new challenge for organizations. Beyond the need to take into account environmental and social dimensions, CSR assumes especially their integration into managerial systems, as well as the financial and economic dimensions. But this characterizes a real challenge for managers, CSR integration disappointment the systems that are already difficult to control with only the financial dimension.

Bibliographie

- Anthony, R.N., (1988), The Management Control Function, The Harvard Business School Press, Boston. Trad. fr. La fonction contrôle de gestion, Publi-Union, Paris, 1993.
- Berland, N., Moez, E. (2009). RSE, systemes de controle et pilotage de la performance globale. La place de la dimension européenne dans la Comptabilité Contrôle Audit, May 2009, Strasbourg, France.
- Bouquin, H. (2008), Le contrôle de gestion, 8e édition, PUF.
- CGEM RSE Charter and ISO 26000 compared analysis, [viewed on 20/10/2017], https://rse.cgem.ma/analyse-comparaison.php
- CGEM RSE Charter established in 2006, [viewed on 20/10/2017], available on the internet: http://rse.cgem.ma/charte-rse.php
- Damak Ayadi, S. (2006). Analyse des facteurs explicatifs de la publication des rapports sociétaux en France. Comptabilité – Contrôle – Audit 12 (2) : 93-116.
- Damak Ayadi, S. (2006). Analyse des facteurs explicatifs de la publication des rapports sociétaux en France. Comptabilité – Contrôle – Audit 12 (2) : 93-116.

- ISO-26000: 2010 Lignes directrices relatives à la responsabilité sociétale, [viewed on 12/08/2017] available on the internet : http://www.iso.org/iso/fr/catalogue_detail?csnumber=42546
- La famille ISO-14000 des normes internationales pour le management environnemental, [viewed on 12/08/2017] available on the internet : http://www.iso.org/iso/fr/theISO-14000family_2009.pdf
- Moez E. Quels outils de contrôle pour décliner les stratégies environnementales ? Comptabilité et environnement ", May 2007, France.
- Oxibar, B. (2003). La diffusion d'informations sociétales dans les rapports annuels et les sites internet par les entreprises françaises, Thèse en Sciences de Gestion, Université de Paris 9 Dauphine, Paris.
- Porter, M. E. , Kramer M. R. (2011), The Big Idea, creating shared value, Harvard Business Review, January-February, 62-77.
- Porter, M. E. et M. R. Kramer (2011), The Big Idea, creating shared value, Harvard Business Review, January-February, 62-77.
- Quairel, F. (2006). Contrôle de la performance globale et RSE. 27e congrès annuel de l'Association Francophone de Comptabilité, Tunis.
- Richard, P.J., Devinney, T.M., Yip, G.S., Johnson G. (2009). Measuring organizational performance: Towards methodological best practice. Journal of management 35 (3) : 718-804.
- Richard, P.J., Devinney, T.M., Yip, G.S., Johnson G. (2009). Measuring organizational performance: Towards methodological best practice. Journal of management 35 (3) : 718-804.
- Simons, R. (1987). Accounting control systems and business strategy : an empirical analysis. Accounting, Organizations and Society 12 (4) : 357-374.
- Simons, R. (1991). Strategic orientation and top management attention to control systems. Strategic Management Journal, 12 : 49-62.
- Simons, R. (1994). How new top managers use control systems as levers of strategic renewal. Strategic Management Journal 15 : 169-189.
- Simons, R. (1995), levers of control, how managers use innovation control systems to drive strategic renewal, Harvard Business School Press