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“The Balanced Scorecard”

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ΤΜΗΜΑ ΟΙΚΟΝΟΜΙΚΗΣ ΕΠΙΣΤΗΜΗΣ



**ΠΡΟΓΡΑΜΜΑ ΜΕΤΑΠΤΥΧΙΑΚΩΝ ΣΠΟΥΔΩΝ
ΣΤΗΝ ΟΙΚΟΝΟΜΙΚΗ ΚΑΙ ΕΠΙΧΕΙΡΗΣΙΑΚΗ
ΣΤΡΑΤΗΓΙΚΗ**

“Κάρτα Ισορροπημένων Επιδόσεων”

Από

Σπανίδης Ελευθέριος



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Πειραιάς, Ιούλιος 2023

*I dedicate this thesis to my family, whose unwavering support and encouragement have been
the driving force behind my academic journey.*

*And to all those who believe in the power of knowledge and its ability to create positive
change. May this work contribute to the collective pursuit of understanding and to the
advancement of our society.*

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The Balanced Scorecard

Keywords: The Balanced Scorecard, Performance measurement, Strategic management, Key Performance Indicators (KPIs), Strategy execution, Strategy alignment, organisational performance, Performance evaluation, Performance metrics, Financial perspective, Customer perspective, Internal processes perspective, Learning and growth perspective, Strategy implementation, Performance improvement, Stakeholder satisfaction, organisational effectiveness, Data-driven decision making, Cascading objectives, Scorecard design

Abstract

This diplomatic thesis examines the Balanced Scorecard, a strategic management tool that aims to provide a holistic view of organisational performance. The thesis delves into the Balanced Scorecard's history, benefits, challenges, and implementation of the Balanced Scorecard. It also includes a questionnaire section that gathers valuable insights from practitioners. The research underscores the significance of the Balanced Scorecard in improving performance, aligning strategies, and measuring results.

Introduction:

The introduction section defines the Balanced Scorecard and overviews its components. It highlights the importance of setting SMART goals and presents an outline of the subsequent chapters.

Chapter I: Definition and Overview of the Balanced Scorecard:

This chapter offers a comprehensive understanding of the Balanced Scorecard. It defines the concept and explores its four components. Furthermore, it guides readers on constructing a practical Balanced Scorecard and emphasises the use of SMART goals to ensure clarity and focus.

Chapter II: History of the Balanced Scorecard:

The historical evolution of the Balanced Scorecard is thoroughly examined in this chapter. It traces the concept's origins, beginning with French engineers' pioneering work in

the 1930s. The chapter then explores subsequent developments, including the contributions of General Electric, Peter Drucker, and Robert Kaplan. It is also good to highlight the transformative impact of Dr. Nolan Norton and Kaplan's work in 1990.

Chapter III: Benefits of the Balanced Scorecard:

This chapter investigates the various benefits associated with implementing the Balanced Scorecard. It emphasises how organisations can enhance performance by using this strategic management tool. The chapter explores how the Balanced Scorecard facilitates strategic alignment and effectively measures results. It also acknowledges the limitations and challenges that may arise during implementation.

Chapter IV: Challenges of the Balanced Scorecard:

Examining the potential hurdles faced during the implementation of the Balanced Scorecard, this chapter provides insights into the challenges of the Balanced Scorecard. It explores selecting appropriate measures, maintaining focus, and avoiding over-reliance on metrics. By addressing these challenges, organisations can optimise the benefits of the Balanced Scorecard.

Chapter V: Implementing the Balanced Scorecard:

This chapter offers a practical guide on implementing the Balanced Scorecard. It provides a framework for organisations to establish the Balanced Scorecard approach effectively. It outlines critical responsibilities and suggests strategies for setting realistic targets aligned with organisational goals.

Chapter VI: Questionnaire:

The questionnaire section encompasses a study to gather real-world perspectives on the Balanced Scorecard implementation. It includes an introduction to the questionnaire, details about the sample, and the methodology employed to distribute and collect responses. The findings from this questionnaire offer valuable insights into the experiences and perceptions of practitioners concerning the Balanced Scorecard.

Conclusion:

In conclusion, this diplomatic thesis provides a comprehensive analysis of the Balanced Scorecard, its history, benefits, challenges, and implementation strategies. By

adopting this strategic management tool, organisations can improve their performance, align strategies, and effectively measure results. The questionnaire section adds real-world perspectives, enriching the overall understanding of the Balanced Scorecard's practical implications.

The research presented in this thesis contributes to the scholarly literature on the topic and offers actionable insights for practitioners seeking to implement the Balanced Scorecard within their organisations. The findings emphasise the importance of a well-constructed Balanced Scorecard that aligns with organisational goals and enables effective performance measurement and strategic decision-making.

Κάρτα Ισορροπημένων Επιδόσεων

Σημαντικοί Όροι: Κάρτα Ισορροπημένης Στοχοθεσίας, Μέτρηση επιδόσεων, Στρατηγική διαχείριση, Βασικοί δείκτες επιδόσεων (KPIs), Εκτέλεση στρατηγικής, Ευθυγράμμιση στρατηγικής, Οργανωτική απόδοση, Αξιολόγηση επιδόσεων, Μετρήσεις επιδόσεων, Οικονομική προοπτική, Προοπτική πελατών, Προοπτική εσωτερικών διαδικασιών, Προοπτική μάθησης και ανάπτυξης, Εφαρμογή στρατηγικής, Βελτίωση επιδόσεων, Ικανοποίηση ενδιαφερομένων μερών, Οργανωτική αποτελεσματικότητα, Λήψη αποφάσεων βάσει δεδομένων, Κλιμακούμενοι στόχοι, Σχεδιασμός Κάρτας Ισορροπημένης Στοχοθεσίας

Περίληψη

Η παρούσα διπλωματική εργασία εξετάζει τον Πίνακα Ισορροπημένης Στοχοθεσίας, ένα εργαλείο στρατηγικής διαχείρισης που στοχεύει στην παροχή μιας ολιστικής άποψης της οργανωτικής απόδοσης. Η διπλωματική εργασία εμβαθύνει στην ιστορία, τα οφέλη, τις προκλήσεις και την εφαρμογή του Balanced Scorecard. Περιλαμβάνει επίσης ένα τμήμα ερωτηματολογίου που συγκεντρώνει πολύτιμες πληροφορίες από επαγγελματίες. Η έρευνα υπογραμμίζει τη σημασία του Balanced Scorecard για τη βελτίωση της απόδοσης, την ευθυγράμμιση των στρατηγικών και τη μέτρηση των αποτελεσμάτων.

Εισαγωγή:

Η εισαγωγική ενότητα θέτει τις βάσεις με τον ορισμό της Κάρτας Ισορροπημένης Στοχοθεσίας και την επισκόπηση των στοιχείων της. Επισημαίνει τη σημασία του καθορισμού στόχων SMART και παρουσιάζει το περίγραμμα των επόμενων κεφαλαίων.

Κεφάλαιο I: Ορισμός και επισκόπηση του Balanced Scorecard:

Αυτό το κεφάλαιο προσφέρει μια ολοκληρωμένη κατανόηση του Balanced Scorecard. Ορίζει την έννοια και διερευνά τα τέσσερα στοιχεία της. Επιπλέον, καθοδηγεί τους αναγνώστες στην κατασκευή ενός αποτελεσματικού Balanced Scorecard και δίνει έμφαση στη χρήση των στόχων SMART για να διασφαλιστεί η σαφήνεια και η εστίαση.

Κεφάλαιο II: Ιστορία της Κάρτας Ισορροπημένης Στοχοθεσίας:

Στο κεφάλαιο αυτό εξετάζεται διεξοδικά η ιστορική εξέλιξη της Κάρτας Ισορροπημένης Στοχοθεσίας. Παρακολουθείται η προέλευση της έννοιας, ξεκινώντας από το πρωτοποριακό έργο Γάλλων μηχανικών τη δεκαετία του 1930. Στη συνέχεια, το κεφάλαιο διερευνά τις μετέπειτα εξελίξεις, συμπεριλαμβανομένης της συμβολής της General Electric, του Peter Drucker και του Robert Kaplan. Επισημαίνεται επίσης ο μετασχηματιστικός αντίκτυπος του Dr. Nolan Norton και του έργου του Kaplan στη δεκαετία του 1990.

Κεφάλαιο III: Οφέλη της Κάρτας Ισορροπημένης Στοχοθεσίας:

Το κεφάλαιο αυτό διερευνά τα διάφορα οφέλη που συνδέονται με την εφαρμογή του Balanced Scorecard. Δίνει έμφαση στον τρόπο με τον οποίο οι οργανισμοί μπορούν να ενισχύσουν την απόδοση με τη χρήση αυτού του εργαλείου στρατηγικής διαχείρισης. Το κεφάλαιο διερευνά τον τρόπο με τον οποίο το Balanced Scorecard διευκολύνει τη στρατηγική ευθυγράμμιση και μετρά αποτελεσματικά τα αποτελέσματα. Αναγνωρίζει επίσης τους περιορισμούς και τις προκλήσεις που μπορεί να προκύψουν κατά την εφαρμογή.

Κεφάλαιο IV: Προκλήσεις της Κάρτας Ισορροπημένης Στοχοθεσίας:

Εξετάζοντας τα πιθανά εμπόδια που αντιμετωπίζονται κατά την εφαρμογή, το κεφάλαιο αυτό παρέχει πληροφορίες σχετικά με τις προκλήσεις της Κάρτας Ισορροπημένης Στοχοθεσίας. Διερευνά την επιλογή των κατάλληλων μέτρων, τη διατήρηση της εστίασης και την αποφυγή της υπερβολικής εξάρτησης από τις μετρήσεις. Με την αντιμετώπιση αυτών των προκλήσεων, οι οργανισμοί μπορούν να βελτιστοποιήσουν τα οφέλη της Κάρτας Ισορροπημένης Στοχοθεσίας.

Κεφάλαιο V: Εφαρμογή της Κάρτας Ισορροπημένης Στοχοθεσίας:

Αυτό το κεφάλαιο προσφέρει έναν πρακτικό οδηγό για την εφαρμογή της Κάρτας Ισορροπημένης Στοχοθεσίας. Παρέχει στους οργανισμούς ένα πλαίσιο για την αποτελεσματική καθιέρωση της προσέγγισης της Ισορροπημένης Κάρτας Στοχοθεσίας.

Επιπλέον, περιγράφει τις βασικές αρμοδιότητες και προτείνει στρατηγικές για τον καθορισμό ρεαλιστικών στόχων ευθυγραμμισμένων με τους οργανωτικούς στόχους.

Κεφάλαιο VI: Ερωτηματολόγιο:

Το τμήμα του ερωτηματολογίου περιλαμβάνει μια μελέτη που διεξήχθη για να συγκεντρωθούν οι απόψεις του πραγματικού κόσμου σχετικά με την εφαρμογή της Κάρτας Ισορροπημένης Στοχοθεσίας. Περιλαμβάνει μια εισαγωγή στο ερωτηματολόγιο, λεπτομέρειες σχετικά με το δείγμα και τη μεθοδολογία που χρησιμοποιήθηκε για τη διανομή και τη συλλογή των απαντήσεων. Τα ευρήματα από αυτό το ερωτηματολόγιο προσφέρουν πολύτιμες πληροφορίες σχετικά με τις εμπειρίες και τις αντιλήψεις των επαγγελματιών σε σχέση με την Ισορροπημένη Κάρτα Στοχοθεσίας.

Συμπέρασμα:

Εν κατακλείδι, η παρούσα διπλωματική εργασία παρέχει μια ολοκληρωμένη ανάλυση της Κάρτας Ισορροπημένης Στοχοθεσίας, της ιστορίας της, των πλεονεκτημάτων, των προκλήσεων και των στρατηγικών εφαρμογής της. Με την υιοθέτηση αυτού του εργαλείου στρατηγικής διαχείρισης, οι οργανισμοί μπορούν να βελτιώσουν τις επιδόσεις τους, να ευθυγραμμίσουν τις στρατηγικές τους και να μετρήσουν αποτελεσματικά τα αποτελέσματα. Η ενότητα του ερωτηματολογίου προσθέτει πραγματικές προοπτικές, εμπλουτίζοντας τη συνολική κατανόηση των πρακτικών επιπτώσεων του Balanced Scorecard.

Η έρευνα που παρουσιάζεται σε αυτή τη διατριβή όχι μόνο συμβάλλει στην επιστημονική βιβλιογραφία για το θέμα, αλλά προσφέρει επίσης εφαρμόσιμες ιδέες για τους επαγγελματίες που επιδιώκουν να εφαρμόσουν το Balanced Scorecard στους οργανισμούς τους. Τα ευρήματα υπογραμμίζουν τη σημασία ενός καλά δομημένου Balanced Scorecard που ευθυγραμμίζεται με τους οργανωτικούς στόχους και επιτρέπει την αποτελεσματική μέτρηση των επιδόσεων και τη λήψη στρατηγικών αποφάσεων.

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CHAPTER I. Introduction

1.1 Definition of Balanced Scorecard

The Balanced Scorecard (BSC) is an invaluable strategic management instrument organisations use to evaluate their performance with predefined objectives. By leveraging this powerful tool, organisations can meticulously measure and analyse their performance, allowing for a comprehensive assessment of their strengths and weaknesses. By identifying critical areas for enhancement, the BSC empowers organisations to craft robust strategies that pave the way for triumphant accomplishments. Furthermore, the BSC transcends individual application, extending its benefits to groups and entire organisations and fostering a collective drive toward attaining desired outcomes.

The Balanced Scorecard encapsulates a multifaceted approach to performance evaluation and strategic planning. By adopting this methodology, organisations are equipped with a systematic framework that accounts for various dimensions of success. Instead of solely relying on financial metrics, the BSC takes a holistic view, encompassing key aspects such as customer satisfaction, internal processes, and employee engagement.

Within the realm of the Balanced Scorecard, the evaluation process unfolds in a meticulous and structured manner. Organisations comprehensively understand their current performance status by establishing clear objectives and measures. These measures serve as vital signposts, guiding organisations toward achieving their strategic goals. Performance indicators can help organisations effectively monitor their progress and make data-driven decisions to steer their course in the right direction.

The beauty of the Balanced Scorecard lies not only in its diagnostic capabilities but also in its ability to instigate actionable change. With valuable insights from the performance assessment, organisations can identify areas requiring improvement or realignment. By addressing these crucial gaps, organisations can optimise their operations and enhance their overall performance by addressing these crucial gaps. Moreover, the strategic nature of the BSC enables organisations to allocate resources effectively, ensuring a synchronised effort toward reaching their desired outcomes.

Fostering a culture of continuous improvement and organisational learning is imperative to harness the Balanced Scorecard's potential fully. By regularly monitoring and

evaluating performance, organisations can adapt and evolve in response to changing market dynamics and emerging opportunities. The iterative nature of the BSC encourages organisations to embrace a proactive stance, continuously refining their strategies and aligning their actions with their long-term objectives.

In conclusion, the Balanced Scorecard is a crucial tool in strategic management, offering a comprehensive and structured approach to performance assessment and strategic planning. Providing a holistic view of organisational performance empowers individuals, groups, and entire organisations to gauge their progress toward desired outcomes. With its emphasis on multiple dimensions of success and its capacity to drive actionable change, the BSC catalyses organisational growth, success, and sustained excellence.

1.2 Overview of Balanced Scorecard

1.2.1 The four components of the Balanced Scorecard

The Balanced Scorecard (BSC) is a comprehensive performance measurement framework that comprises four essential components: goals, measures, objectives, and initiatives. Each component is vital in evaluating and enhancing an organisation's overall performance.

Objectives serve as the desired outcomes an organisation or team aims to achieve through its endeavours. They provide clear targets and direction for the organisation's efforts. On the other hand, measures are the indicators used to track progress toward these goals. By quantifying relevant metrics, measures provide valuable insights into the organisation's performance.

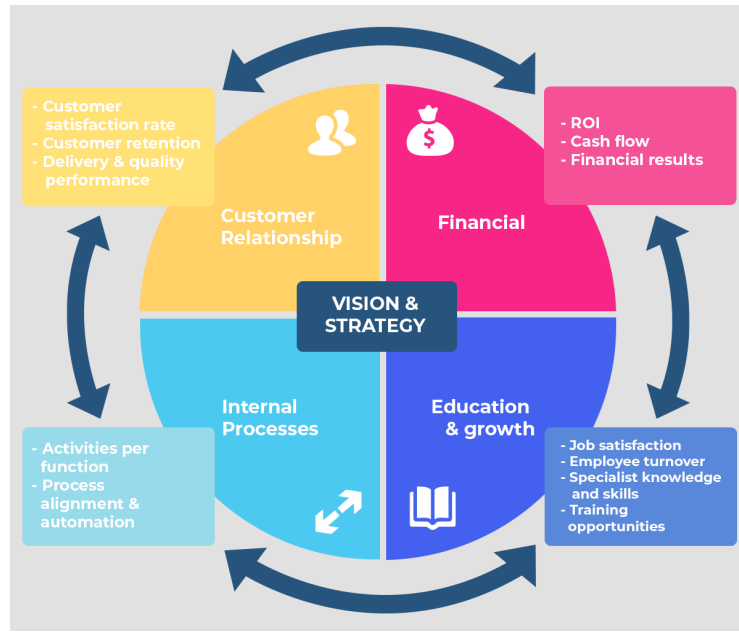
Objectives are specific goals associated with each measure, aligning with the broader organisational objectives. They serve as milestones and checkpoints to assess progress and success in different areas. Initiatives, the final component, encompass the activities and actions to achieve the desired results. Initiatives are the practical steps organisations take to translate objectives into tangible outcomes.

The BSC enables organisations to better understand their performance by assessing various dimensions. These dimensions include financial results, customer satisfaction, process efficiency, organisational learning and development, employee engagement, and

innovation. By measuring these different aspects, the BSC provides a comprehensive picture of what works well and where improvements are needed to achieve desired results.

Table 1.2.1.1

Balanced Scorecard (BSC)



Source: <https://www.professionalacademy.com/blogs/marketing-theories-balanced-scorecard/>

Moreover, the BSC facilitates strategic planning by helping organisations identify areas for improvement and develop strategies accordingly. For instance, if enhancing customer satisfaction is a goal, the organisation may set a specific objective of increasing customer feedback by 5%. To achieve this, the organisation can implement initiatives such as providing employee customer service training or offering incentives to customers who complete satisfaction surveys.

The Balanced Scorecard is a valuable tool for organisations to evaluate their performance comprehensively and strategically. By considering multiple dimensions and utilising the four components—goals, measures, objectives, and initiatives—the BSC aids in setting targets, monitoring progress, and developing effective strategies to improve performance and achieve organisational goals.

1.2.2 How to Construct a Balanced Scorecard

To construct a Balanced Scorecard, the first step is to identify the organisation's strategic objectives. The organisation's mission and vision are also to find a way to align these objectives. Once the objectives are identified, the next step is to develop a set of measures to track performance against those objectives. They include financial actions, customer satisfaction, internal processes, and organisational learning and growth.

Organisations can articulate their desired outcomes by establishing specific objectives and a clear future direction. SMART goals, which are specific, measurable, attainable, relevant, and time-bound, help to refine these objectives and ensure they are actionable and achievable. Performance measures provide quantifiable metrics that enable organisations to track their progress and evaluate their success. These elements promote alignment, accountability, and continuous improvement, allowing organisations to make informed decisions, allocate resources effectively, and drive performance across all business areas.

Once the measures have been established, the next step is to set targets for each of the measures. These targets should be realistic and achievable and reflect the organisation's goals. Finally, the organisation must develop a system to track progress against the targets. This system should include regular reviews of performance and reporting of results. By following these steps, organisations can construct a Balanced Scorecard that will help them track their progress and reach their goals.

All in one, Balanced Scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organisation. It provides a framework for setting objectives and measuring progress toward those objectives. It can be used to measure both financial and non-financial performance. The four main components of the Balanced Scorecard are financial objectives, customer objectives, internal process objectives, and learning and growth objectives. Financial objectives measure the financial performance of the organisation. Customer objectives measure how the organisation is meeting customer needs. Internal process objectives measure how well the organisation is performing its internal processes. Finally, learning and growth objectives measure the development of the organisation's human capital and organisational capabilities. Once the four components have been identified, the organisation can begin to set objectives and measure progress toward them. The Balanced Scorecard should be reviewed and updated regularly to ensure that the objectives remain relevant and align with the organisation's strategy.

The Balanced Scorecard provides a holistic view of an organisation's performance in terms of its objectives, measures, targets, and initiatives, which helps it to assess its progress toward achieving its desired outcomes. It also allows organisations to identify areas that need improvement to achieve their goals more effectively and to devise strategies to do so efficiently. Using a BSC can benefit any business that wishes to take control of its future success by assessing its current performance and initiating the necessary improvement steps accordingly.

Constructing a Balanced Scorecard more precisely involves several vital steps to ensure its effectiveness and alignment with the organisation's strategic objectives. Here is a comprehensive guide on building a Balanced Scorecard:

1. **Identify Strategic Objectives:** Identify the organisation's strategic objectives. These objectives should be aligned with the organisation's mission and vision and provide a clear direction for future success.

2. **Develop Performance Measures:** Once the strategic objectives are established, develop a set of performance measures to track progress toward those objectives. These measures should encompass both financial and non-financial aspects, such as customer satisfaction, internal processes, and learning and growth.

3. **Set SMART Targets:** Set specific, measurable, attainable, relevant, and time-bound (SMART) targets for each performance measure. SMART targets ensure that objectives are actionable, providing a clear focus for improvement efforts.

4. **Establish Initiatives:** Determine the initiatives or actions that will be undertaken to achieve the established objectives and targets. These initiatives should align with the strategic objectives and drive performance improvement.

5. **Track Progress and Reporting:** Develop a system to track progress against the targets and regularly review performance. This system should include reporting mechanisms that provide visibility into the organisation's performance and enable informed decision-making.

6. **Review and Update:** Regularly review and update the Balanced Scorecard to ensure its relevance and alignment with the organisation's strategy. As the business landscape

evolves, objectives may need to be adjusted, and new measures or targets may need to be incorporated.

By following these steps, organisations can construct a Balanced Scorecard that serves as a strategic planning and management system. It provides a holistic view of performance, aligns business activities with the organisation's vision and strategy, and enables effective measurement and improvement across all business areas.

1.2.3 Definition of SMART goals and their use

As mentioned before, SMART goals, which are Specific, Measurable, Achievable, Relevant, and Time-bound, are a framework widely utilised for practical goal setting and strategic planning. The significance of SMART goals and their diverse applications in corporate settings will be explored in this thesis.

Table 1.2.3.1

SMART Acronym Graphic



Source: <https://www.thecoachingtoolscompany.com/smart-goals-complete-guide-for-coaches-with-pdf/>

The essence of SMART goals lies in their specific nature. Demands that objectives be clearly defined and unambiguous, providing a precise target for organisations. By establishing specificity, companies can align their efforts and resources toward a common purpose, fostering coherence and unity among team members. This clarity empowers

individuals to direct their energies toward the most relevant tasks, minimising distractions and enhancing overall productivity.

Measurability is another crucial dimension of SMART goals. With a measurable means of tracking progress, companies can evaluate their achievements or identify areas for improvement. Organisations can objectively assess their performance by setting measurable objectives and making informed decisions based on actual data. Measurable goals enable companies to celebrate milestones, identify bottlenecks, and adapt strategies as needed, fostering a culture of accountability and continuous growth.

Achievability represents the third aspect of SMART goals. It is vital to set goals that are realistically attainable considering the available resources, time constraints, and capabilities of the company. While ambitious targets can inspire and motivate employees, excessively unrealistic goals may lead to demoralisation and frustration. Hence, companies balance ambition and feasibility by setting achievable objectives and encouraging individuals to stretch their abilities while maintaining confidence and optimism.

Moreover, relevance serves as the fourth pillar of SMART goals. It is essential to align objectives with the overarching mission and vision of the company. Organisations can direct their efforts toward initiatives that directly contribute to their strategic objectives by setting relevant goals. This alignment ensures that every task and accomplishment serves a purpose, fostering a sense of purpose and engagement among employees. Furthermore, relevance aids in prioritising efforts and optimising resource allocation, enhancing the overall performance and effectiveness of the company.

In conclusion, the definition of SMART goals plays a pivotal role in the success and growth of companies. By incorporating specificity, measurability, achievability, relevance, and time-bound parameters into their goal-setting process, organisations can confidently navigate the complexities of the business landscape with confidence. SMART goals provide a systematic and structured approach to objectives, enabling companies to optimise performance, drive innovation, and achieve sustainable success in a dynamic and ever-evolving corporate environment.

CHAPTER II. History of the Balanced Scorecard

2.1 The history of the Balanced Scorecard and its development

The history of the Balanced Scorecard traces back to the early 1990s when Dr. Robert S. Kaplan, a professor at Harvard Business School, and Dr. David P. Norton, a consultant, recognised the limitations of traditional performance measurement systems that focused primarily on financial indicators. They believed that organisations needed a more balanced approach to assess performance and align it with strategic goals.

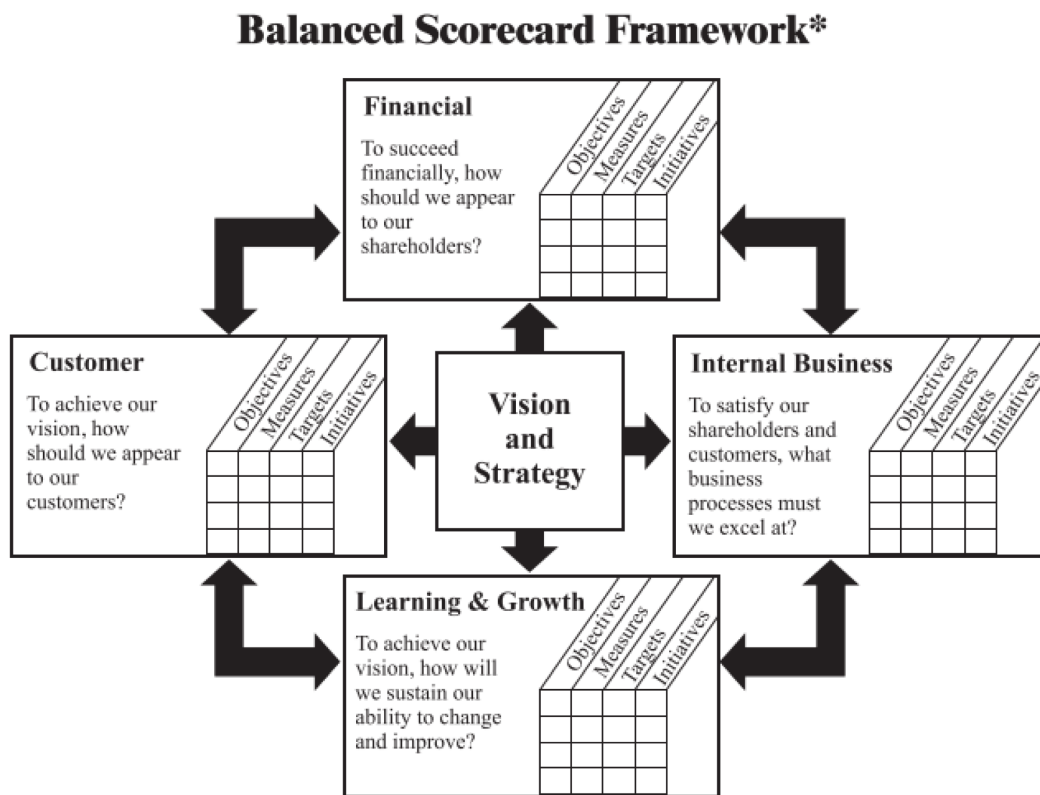
In 1992, Kaplan and Norton introduced the concept of the Balanced Scorecard in an article published in the Harvard Business Review titled "The Balanced Scorecard: Measures That Drive Performance." The report presented a new framework incorporating financial and non-financial measures to provide a more comprehensive view of organisational performance.

The Balanced Scorecard framework was designed to address four critical perspectives: financial, customer, internal business processes, and learning and growth. These perspectives were chosen to reflect different aspects of organisational success and capture both short-term and long-term objectives.

The financial perspective focuses on traditional economic measures such as revenue, profitability, and shareholder value. The customer perspective emphasises actions related to customer satisfaction, loyalty, and market share measures. The internal business processes perspective examines the efficiency and effectiveness of internal processes critical to delivering value to customers. Lastly, the learning and growth perspective examines employee skills, knowledge, and organisational capabilities.

Table 2.1.1

Graphical representation of the balanced scorecard (BSC) model



Source: <https://www.mdpi.com/2071-1050/12/8/3221>

The Balanced Scorecard framework enabled organisations to set specific objectives, define measures, and establish targets for each perspective. By doing so, organisations could evaluate their performance across multiple dimensions and ensure alignment with their strategic goals.

Since its inception, the Balanced Scorecard has undergone continuous development and refinement. Kaplan and Norton have expanded the framework in subsequent books and articles, adapting it to different industries and organisational contexts. They have also incorporated new concepts such as strategy maps and cause-and-effect relationships, to enhance the effectiveness of the Balanced Scorecard as a strategic management tool.

Today, the Balanced Scorecard is widely recognised as a practical approach to strategic performance management. Organisations across the globe have embraced it as a means to measure performance, communicate strategy, and drive continuous improvement. The adoption of technology has further facilitated the implementation of the Balanced

Scorecard by providing real-time data collection and analysis capabilities, enabling organisations to make more informed decisions and take timely actions to achieve their goals.

2.2 Origin of the Balanced Scorecard

2.2.1 Tableau de Bord (French engineers 1930s)

The Tableau de Bord, a communication tool developed by French engineers in the 1930s, has been regarded as a managerial "dashboard" utilised to steer companies toward achieving their goals (Bessire and Backer, 2005). Since its inception, Tableau de Bord has gained significant recognition in France and has been widely adopted by organisations across various sectors. It is considered an integral part of management practices in many French organisations.

The Tableau de Bord and the Balanced Scorecard share a common lineage in emphasising the connection between financial and non-financial measures. However, they differ in several aspects. The Balanced Scorecard places significant emphasis on aligning financial and non-financial measures with the organisation's primary objectives. It provides a framework for strategic management and performance evaluation across multiple perspectives.

On the other hand, Tableau de Bord is renowned for monitoring and supporting management during production processes. It serves as a tool for real-time tracking of critical operational metrics, enabling managers to make informed decisions and manage production effectively. The Tableau de Bord focuses more on the operational aspects of management and is primarily utilised within the production context.

While the Balanced Scorecard has gained international recognition and has been adopted by organisations worldwide, the Tableau de Bord remains rooted in its historical significance within the French management landscape. Though distinct in their approaches, both frameworks contribute to the broader understanding of performance management and measurement, emphasising the importance of integrating financial and non-financial factors in guiding organisational success.

2.2.2 New Performance Management System (General Electric 1950s)

In the 1950s, General Electric (GE) developed a performance management system that laid the foundation for Balanced Scorecard-like architectures. This system was initially designed as a GE power control prototype (Hendricks, 2004). The proposed approach put forth by GE encompassed eight key metrics, consisting of one financial metric and seven non-financial metrics, to assess the overall performance of the organisation's diverse business areas.

These metrics include:

1. Competitiveness: Evaluating GE's market competitive position and ability to outperform rivals.
2. Market Share: Measuring the extent to which GE's products or services dominate the market.
3. Efficiency: Assessing the organisation's operational efficiency and resource utilisation.
4. Industry Quality: Gauging the level of quality delivered by GE's products or services within the industry.
5. Corporate Responsibility: Evaluating GE's commitment to ethical practices, social responsibility, and sustainability.
6. Employee Growth: Measuring the development and progress of GE employees regarding skills, knowledge, and career advancement.
7. Employee Behavior: Assessing the behaviours and attitudes of GE employees in line with the organisation's values and culture.
8. Short-term and Long-term Goal Consistency: Ensuring alignment between short-term objectives and the organisation's long-term strategic goals (Kaplan, 2010).

Notably, this early performance management system developed by GE did not explicitly adopt the balanced scorecard perspective. However, the system's proposed metrics effectively encompassed the four perspectives commonly associated with the Balanced Scorecard framework.

By considering these comprehensive metrics, GE aimed to evaluate and manage its performance holistically, considering both financial and non-financial aspects. This approach

allowed GE to understand its overall performance and make informed decisions to drive improvement in various areas.

The development of GE's performance management system in the 1950s laid the groundwork for future advancements in performance measurement and strategic management, eventually leading to the formulation of frameworks like the Balanced Scorecard.

2.2.3 The Concept of “Management by Objectives” (Peter Drucker 1954)

In 1954, Peter Drucker introduced the concept of "management by objectives" (MBO) in his influential book "The Practice of Management." Drucker emphasised that effective organisational performance requires aligning every activity toward a specific end goal (Drucker, 1954). MBO provides a systematic approach to achieving this alignment by implementing a balanced framework that connects overarching strategic objectives with individual goals.

At its core, MBO emphasises the importance of setting clear objectives and aligning them with the broader organisational goals. By defining specific targets, individuals and teams are empowered to direct their efforts and resources toward accomplishing these objectives. This approach fosters a sense of ownership and accountability, as employees are aware of the expected outcomes and their contributions to the organisation's success.

A key aspect of MBO is the establishment of a divisional scorecard. This scorecard serves to track and evaluate progress toward the defined objectives. It includes a set of relevant performance indicators that enable individuals and teams to monitor their performance and identify areas for improvement. By regularly reviewing and updating the divisional scorecard, organisations can ensure ongoing alignment with strategic goals and make necessary adjustments to achieve desired outcomes.

Understanding concept of management by objectives laid the foundation for modern performance management practices. It emphasised the need for clear goals, effective communication, and continuous monitoring and feedback. MBO has since been widely adopted by organisations as a framework for goal setting, performance evaluation, and enhancing overall organisational performance.

2.2.4 Planning and Control System-based Framework (Robert Anthony 1960s)

In the mid-1960s, Robert Anthony introduced a framework for planning and control systems, highlighting the importance of process planning and monitoring within organisations. His work identified three fundamental mechanisms: strategic planning, managerial control, and operational control. These mechanisms were designed to provide a comprehensive approach to managing and evaluating organisational performance.

As Anthony outlined, strategic planning involves setting long-term goals and formulating strategies to achieve them. This process aimed to align the organisation's activities with its overall mission and vision. It emphasised the need to clearly understand the external environment and the organisation's competitive position clearly.

Managerial control, another component of Anthony's framework, focused on monitoring and evaluating performance against established targets and objectives. It involved the use of financial and non-financial measures to assess the effectiveness of managerial decisions and ensure that resources were allocated efficiently. Managerial control provided a mechanism for assessing performance at various organisational levels and taking corrective actions when necessary.

Operational control, the third element of Anthony's framework, concentrated on managing day-to-day operations and processes. It involved establishing procedures, standards, and performance metrics to guide operational activities and ensure their alignment with organisational goals. Operational control emphasised the need for efficient resource utilisation, quality control, and timely execution of tasks.

Anthony's framework integrated both financial and non-financial measures, recognising the importance of considering multiple dimensions of organisational performance. This aligns with the principles highlighted by Kaplan (2010) and the broader understanding that more than financial metrics are needed to provide a comprehensive view of organisational success.

By incorporating strategic planning, managerial control, and operational control, Anthony's framework aimed to provide organisations with a systematic approach to planning, monitoring, and evaluating their performance. It emphasised the need for clear objectives,

effective control mechanisms, and the use of both financial and non-financial measures to guide decision-making and ensure the achievement of organisational goals.

2.2.5 The Balanced Scorecard Revolution (Dr. Nolan Norton and Robert Kaplan 1990s)

The Balanced Scorecard emerged as a response to the growing need for a more comprehensive and balanced approach to performance measurement. In 1990-1991, a performance measurement analysis study was commissioned to identify successful companies that employed a robust measurement framework. This study was conducted by a consulting firm headed by Dr. Nolan Norton, with the involvement of Robert Kaplan from Harvard Business School, who provided academic expertise in the assessment field.

The introduction and promotion of the Balanced Scorecard coincided with a significant shift in the perception of performance measurement. In 1991 his article "Manifesto for Performance Measurement", published in the Harvard Business Review, Eccles predicted a forthcoming transformation in performance measurement practices. He anticipated shifting away from traditional financial-focused measurement systems toward more comprehensive approaches incorporating non-financial measures. This movement was ignited by the emergence of the Balanced Scorecard as a pioneering methodology.

The Balanced Scorecard revolution provided a fresh perspective on performance measurement by integrating financial and non-financial metrics to provide a more holistic view of organisational performance. It offered a structured framework that allowed organisations to align their objectives, measures, targets, and initiatives across multiple dimensions, including financial, customer, internal processes, and learning and growth. This approach enabled organisations to better understand the drivers of success better, identify areas for improvement and make informed decisions to drive performance and strategic alignment.

The introduction of the Balanced Scorecard concept coincided with a broader recognition of the limitations of relying solely on financial measures to assess organisational performance. It offered a practical solution that resonated with businesses seeking a more balanced and strategic approach to measurement. As a result, the Balanced Scorecard became a catalyst for transforming performance measurement practices, influencing organisations

worldwide to adopt a more comprehensive and integrated approach to managing and evaluating their performance.

The table below shows the different stages of development of the Balanced Scorecard that had mentioned above in a summary:

Table 2.2.5.1

Development of Balanced Scorecard through different phases

1930s	Tableau de Bord (French engineers)
1950s	New Performance Management System (General Electric)
1954	The Concept of “Management by Objectives” (Peter Drucker)
1960s	Planning and Control System-based Framework (Robert Anthony)
1990s	The Balanced Scorecard Revolution (Dr. Nolan Norton and Robert Kaplan)

Source: Self-compiled

2.3 Evolution of the Balanced Scorecard

The balanced scorecard has had a continuous cycle of change since it was introduced. The four sections of the traditional Balanced Scorecards are simply referred to as "Finance," "Customer," "Internal Business Processes," and "Learning & Development." Over the past two decades, the Balanced Scorecard has evolved from a performance measuring tool to a solid strategic performance improvement framework. The writing style used by Kaplan and Norton is novel in the creation of the Balanced Scorecard. The development of the Balanced Scorecard following the publication of Kaplan and Norton is shown in the following table:

Table 2.3.1

Balanced Scorecard development in the aftermath of Kaplan and Norton publications

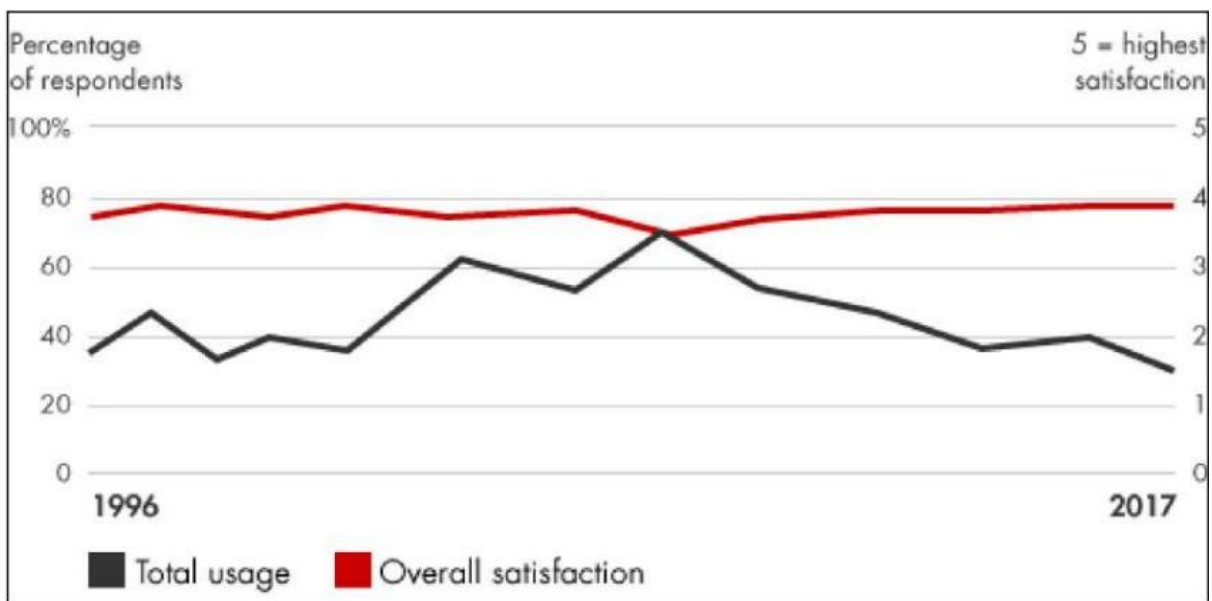
1992 - The performance measurement tool	<ul style="list-style-type: none"> -Identify the intangible assets of a firm and monitor their financial performance and value-creating activities. -Relation between performance metrics and strategy.
1996 - Performance measurement system	<ul style="list-style-type: none"> -Framework for strategic processes, resource distribution, financial planning, goal-setting, and staff development. -Implementing instructions.
2000 - Strategic management and control system	<ul style="list-style-type: none"> -Strategic use of the BSC. -Strategic management and control device.
2004-2005 - Strategic Maps and Office of Strategic Management	<ul style="list-style-type: none"> -An introduction to the Office of Strategic Management and the Strategy Map.
2008 - Integration between strategy and operations	<ul style="list-style-type: none"> -Put more emphasis on its role in integrating strategy with operations.
2010 - Closer link with risk management and leadership as organisational capabilities	<ul style="list-style-type: none"> -Combination with additional organisational tools and processes, such as enterprise risk management.

Source: Self-compiled

Bain & Co (2017) conducted an international study of 1,067 global executives of well-known companies from 10 countries, divided into four regions: North America (US and Canada); EMEA (France, Germany, Spain and the UK); Asia Pacific (China and India); and Latin America (Mexico and Brazil). This graph shows the level of satisfaction of managers of companies worldwide with different management tools. Global satisfaction with the Balanced Scorecard is 3.90, compared to a global average of 3.84 for various management tools.

Table 2.3.2

Global usage and satisfaction of BSC (2017)



Source: Bain & Co. (2017), Management Tools & Trends. Retrieved from www.bain.com

CHAPTER III. Benefits of the Balanced Scorecard

3.1 The use and benefits of the Balanced Scorecard

The Balanced Scorecard is a performance management tool that helps organisations define their vision and strategy, track performance, and align organisational activities. It enables organisations to measure progress toward their strategic objectives, allowing them to adjust their strategy and actions as needed. The Balanced Scorecard is a comprehensive system that takes into account financial and non-financial metrics to provide a comprehensive view of an organisation's performance.

The Balanced Scorecard helps organisations to identify key performance areas and develop action plans to improve performance. It provides a framework for organisations to set goals and track progress toward those goals. The Balanced Scorecard is a powerful tool for managing performance as it allows organisations to measure both short-term and long-term objectives. It can also help to identify areas of improvement and opportunities for growth. Additionally, the Balanced Scorecard can be used to communicate organisational performance to stakeholders, effectively ensuring accountability. Ultimately, the Balanced Scorecard provides an effective way for organisations to measure and manage their performance, enabling them to reach their strategic objectives.

Using this tool, businesses have the ability to gain transparency throughout their organisation. Setting out a department's operational strategy can be handled with the help of the balanced scorecard, as it provides guidance on how employees can influence change and create value within their roles. If someone assumes that a company's critical functions are described as a map. The key directions are goals, metrics and initiatives. These tools are necessary to arrive at a destination. With them, team members can have better conversations about the strategic direction the company is headed and how they are involved.

Another positive aspect of using the Balanced Scorecard is that it can grow the bottom line by looking at other perspectives. Traditional reporting only considers the financial perspective; it fails to consider how organisational performance is also impacted by customers, internal processes, and people (also called "learning & growth"). Analysing these four perspectives together will help ensure that the company is not neglecting areas that need Theseo, which are necessary to arrive and align with the mission. Companies using the

Balanced Scorecard are able to identify the factors that are hurting their business and outline a strategic change that will bring them better results. By clarifying what activities are being done now and how those activities will differ in the future, there will be a better chance of reorienting the company to success.

According to high-level goals become tangible actions. It can be challenging to think about how high-level objectives can be achieved unless they are broken down. The Balanced Scorecard promotes breaking those goals into measures, the measures into projects, and the projects into action items. For example, if one of the objectives in people's perspective (sometimes called the "learning & growth" perspective) is to have effective managers, a good idea is to be measured the percentage of vital managerial goals met.

Companies using the Balanced Scorecard are usually tracking a wide variety of measures and other information. With many divisions, partners, and resellers, it can become confusing to decipher how the company is doing overall. A Balanced Scorecard brings all the crucial data for the leadership team to view in a centralised location, giving them a bird's eye view of the company's operations.

3.2 The limitations of the Balanced Scorecard

While the Balanced Scorecard is widely recognised as an effective management system, it does have certain limitations that organisations should consider. These limitations include:

1. **Subjectivity in Assessment:** The Balanced Scorecard relies on subjective measures and interpretation, which can introduce biases and inconsistencies in performance evaluation. The lack of objective criteria may result in different interpretations of the data and hinder accurate assessments.

2. **Focus on Inputs and Processes:** The Balanced Scorecard primarily emphasises measuring inputs and processes rather than outcomes. While it provides valuable insights into operational aspects and strategic alignment, it may not fully capture the actual impact and outcomes the organisation achieves.

3. Limited Outcome Measurement: Due to its emphasis on inputs and processes, the Balanced Scorecard may not comprehensively evaluate organisational strategies' outcomes and long-term results. Complementing the scorecard with additional tools and methodologies to measure the desired outcomes may be necessary.

4. Evolving Nature: The Balanced Scorecard is a relatively new concept that continues evolving. As a result, there may be a need for standardised methods for implementation and measurement, making it challenging to compare results across organisations or even within the same organisation over time.

5. Organisational Fit: The Balanced Scorecard may only suit some organisations or industries. The appropriateness of its implementation depends on the organisation's specific needs, goals, and operating environment. It is crucial to assess whether the Balanced Scorecard aligns with the organisation's strategic objectives and culture before adopting it.

Despite these limitations, the Balanced Scorecard remains a valuable framework for organisations to align their objectives, track performance, and make informed decisions. Organisations should carefully consider these limitations, adapt the Balanced Scorecard to suit their unique circumstances and complement it with other performance measurement tools as necessary.

3.3 Improving Performance

The Balanced Scorecard provides an integrated approach to measuring, managing and improving performance. However, it is not exempt from criticism and there are many ways to improve its performance.

One way to improve the Balanced Scorecard is to incorporate more strategic objectives. This can be done by ensuring that the objectives are aligned with the organisation's mission and vision, as well as with its strategies. This alignment should include both financial and non-financial objectives. Setting goals and objectives aligned with the overall strategy will provide a better understanding of the organisation's performance. Additionally, a more comprehensive view of performance can be achieved by considering both quantitative and qualitative measures. (Chen, et al., 2016).

Another way to improve the Balanced Scorecard is to improve the data used to measure performance. This can be done by using a variety of metrics to measure performance and by ensuring that the metrics are reliable and valid. Additionally, the data must be regularly updated to ensure the performance measures are accurate and current. Finally, data should be collected from various sources to ensure accuracy (Brun, et al., 2017).

Summarising the above, it is clear that Improving the Balanced Scorecard's performance involves several key considerations. Here are some strategies to enhance its effectiveness:

1. **Alignment with Strategy:** Ensure that the objectives and measures included in the Balanced Scorecard are aligned with the organisation's overall strategy, mission, and vision. This alignment ensures that performance measurement focuses on what truly matters for achieving strategic goals.

2. **Comprehensive Measures:** Incorporate a balanced mix of both financial and non-financial measures to provide a more holistic view of organisational performance. Consider qualitative indicators such as customer satisfaction, employee engagement, innovation, and sustainability alongside quantitative metrics.

3. **Reliable and Valid Data:** Improve the quality of data used for performance measurement by using reliable and valid metrics. Establish clear criteria for selecting and validating performance indicators, ensuring they accurately reflect the intended performance dimensions.

4. **Timely and Regular Updates:** Ensure that data used for performance measurement is regularly updated to provide accurate and up-to-date information. Develop systems and processes to collect, analyse, and report data in a timely manner, allowing for real-time performance monitoring and decision-making.

5. Stakeholder Engagement: Involve relevant stakeholders, such as employees, managers, customers, and shareholders, in the design, implementation, and review of the Balanced Scorecard. Seek their input, address their concerns, and keep them informed of any changes or updates to maintain their engagement and commitment.

6. Continuous Improvement: Regularly review and evaluate the effectiveness of the Balanced Scorecard. Assess its impact on performance, identify areas for improvement, and make necessary adjustments to ensure its relevance and effectiveness over time.

7. Communication and Transparency: Clearly communicate the Balanced Scorecard's purpose, objectives, and measures to all stakeholders. To promote organisational learning and improvement, foster a culture of transparency and open communication around performance measurement, sharing progress, successes, and challenges.

By implementing these strategies, organisations can enhance the effectiveness of the Balanced Scorecard and use it as a valuable tool for measuring, managing, and improving performance across multiple dimensions.

Finally, ensuring the Balanced Scorecard is regularly reviewed and updated is essential. This can be done by conducting regular performance reviews and assessing the effectiveness of the scorecard. Additionally, any changes to the scorecard should be communicated to the organisation, and all stakeholders should be kept informed of developments (Kaur, et al., 2018).

3.4 Strategic Alignment

The Balanced Scorecard (BSC) is based on four perspectives: financial, customer, internal process, and learning and growth. The BSC aims to align organisational objectives, strategies, and activities to create a comprehensive strategy and achieve long-term success.

The strategic alignment of the BSC is based on the concept of “strategy mapping”, which involves the creation of a visual representation of how the organisation's objectives,

strategies, and activities are linked together. This allows the organisation to identify key performance indicators (KPIs) that will help measure and track progress toward the organisation's objectives and strategies. By aligning the KPIs to the organisation's objectives, strategies, and activities, the BSC can ensure that the organisation is working toward the same strategic goals.

The BSC also helps to identify areas where improvement can be made by highlighting areas of weakness and opportunities for improvement. It also helps to identify areas where resources can be used more effectively. By measuring and tracking progress in these areas, the organisation can fine-tune its strategies and activities to ensure that it is reaching its goals.

The strategic alignment of the BSC can be further strengthened by using additional tools, such as the Balanced Scorecard Framework. This framework helps ensure that all BSC elements work together to achieve the organisation's goals. It also helps monitor the BSC's performance and ensure the organisation achieves its objectives.

Overall, the strategic alignment of the BSC is an important tool for organisations to measure and track their performance and ensure that they are achieving their strategic goals. By creating a comprehensive strategy and measuring progress toward the objectives, the BSC can ensure that the organisation is on track to achieve its goals.

3.5 Measuring Results

3.5.1 Messages and Communication Processes

If communication methods and messages are precise and reliable, people will use and rely on them. Routineness, predictability, reliability, and completeness are additional traits of effective organisational communication systems. Also, communication is more successful when it uses brief statements and precisely defined phrases. Furthermore, the hiding of the truth or performance misrepresentation is prohibited by an efficient communication system. The distinctions between telling the truth and "looking nice" or between integrity and success should be clear. "Spin, deniability, and truth by assertion" will not be tolerated by a successful communication system or its users. Hence, organisational communication will be effective if procedures and messages accurately reflect performance.

3.5.2 Support of Culture, Values, and Beliefs

The support of culture, values, and beliefs is critical to effective corporate communication. It is widely acknowledged that effective communication plays a pivotal role in fostering desired behavioural patterns, promoting common values, and cultivating shared beliefs within an organisation. By establishing clear lines of communication, companies can demonstrate their commitment to upholding their stated values and ensuring that individual or group recognition is based on performance. Moreover, leadership communication that consistently articulates common objectives, values, and beliefs proves instrumental in sustaining the organisational culture and guiding employee behaviour.

For communication to be truly effective, it must align with the organisation's objectives, principles, and beliefs. By promoting behaviour that aligns with these core tenets, communication becomes a powerful tool for shaping the organisational culture and reinforcing its value system. When communication is consistent with the organisation's fundamental principles, it serves as a conduit for conveying expectations and fostering a shared sense of purpose among employees.

The Balanced Scorecard (BSC) has also been recognised as a valuable cultural and strategic change instrument. Its proponents argue that the BSC, in line with Kotter's observations on change processes, can facilitate organisational transformation by creating and communicating a compelling vision of change and outlining a viable method for achieving it. By integrating cultural and strategic elements into the BSC framework, organisations can effectively align their performance measurement and management systems with their desired cultural values and strategic objectives.

In conclusion, effective corporate communication plays a crucial role in supporting culture, values, and beliefs within organisations. It demonstrates a commitment to following through on commitments, ensures that recognition is based on performance, and helps sustain the desired culture by consistently communicating common objectives, values, and beliefs. By promoting behaviour in line with the organisation's principles, effective communication contributes to developing and reinforcing the organisational culture. Furthermore, the Balanced Scorecard can serve as a valuable tool for cultural and strategic change, providing a framework for integrating cultural values and strategic objectives into performance measurement and management practices.

CHAPTER IV. Challenges of the Balanced Scorecard

4.1 Selecting Appropriate Measures

Selecting appropriate measures for the Balanced Scorecard is a crucial step in effectively implementing this performance management tool. While it can be challenging, there are several key considerations to ensure the measures chosen are meaningful and aligned with the organisation's objectives.

Firstly, measures should be carefully selected to reflect the organisation's goals and objectives accurately. It is essential to identify the key performance indicators that are most relevant to achieving these goals. These measures should be specific, measurable, attainable, realistic, and timely (SMART) to provide clear targets and enable effective progress tracking.

Secondly, alignment with the organisation's overall strategy is essential. The selected measures should align with the organisation's mission, vision, and values. They should capture the critical aspects of the strategy and provide insights into the organisation's progress toward strategic goals. This alignment ensures that the measures are meaningful to employees and reinforce the objectives the organisation is striving to achieve.

Lastly, the chosen measures should be actionable and capable of driving meaningful action within the organisation. All employees should easily understand them and provide clear guidance on the necessary steps to improve performance. Organisations can foster a culture of accountability and continuous improvement by selecting actionable measures.

In summary, selecting appropriate measures for the Balanced Scorecard requires careful consideration. Measures should accurately reflect the organisation's objectives, be aligned with its overall strategy, and be actionable to drive meaningful change. By adhering to these principles, organisations can ensure that their Balanced Scorecard measures effectively support their performance management efforts and facilitate progress toward strategic goals.

4.2 Maintaining Focus

The Balanced Scorecard (BSC) is a popular performance management tool used by organisations to assess their performance in multiple areas, including financial, customer,

internal and learning and growth. While the BSC can be an effective tool for monitoring and improving organisational performance, it can be challenging to maintain focus. This is because the BSC is often used to measure too many different aspects of performance and can result in organisations needing to be more relaxed by the sheer amount of information gathered and dispersed. As a result, organisations can become distracted from their core objectives and goals and lose sight of the overall strategy.

Another area for improvement with the BSC is that it can be difficult to ensure accurate and up-to-date data is collected. Organisations must ensure that their data collection processes and measurements align with their objectives and goals and that the data collected is reliable and valid. Additionally, the BSC can be challenging to implement and manage, especially for smaller organisations effectively. It requires considerable of time, energy and resources to ensure that the BSC is effectively managed.

Finally, the BSC is a static tool that does not consider external factors such as market trends, customer preferences, and technological advances. Organisations must actively monitor the external environment and adjust their strategies accordingly. This can be difficult, especially for smaller organisations that need more resources to do so.

Overall, while the BSC can be a great tool for measuring and improving organisational performance, it can also be challenging to maintain focus and effectively manage and implement it. Organisations must ensure that their data collection processes are in line with their objectives, that their data is reliable, and that they actively monitor the external environment.

4.3 Avoiding Over-Reliance on Metrics

In order to ensure the effectiveness of the Balanced Scorecard (BSC), organisations must be wary of over-reliance on metrics. More reliance on metrics can lead to data overload and the inability to interpret the data effectively. In addition, an over-reliance on metrics can lead to overemphasising short-term gains and a lack of focus on long-term outcomes.

One way to avoid over-reliance on metrics is to establish goals that are aligned with organisational strategy. This allows employees to understand how their day-to-day activities help the organisation reach its goals. Additionally, organisations should strive to measure the

right metrics that provide insights into the organisation's performance. This can help organisations to avoid over-reliance on metrics that may not provide meaningful insights.

Organisations should also ensure that the metrics they use are relevant and up-to-date. Too often, organisations rely on outdated metrics that do not accurately reflect the organisation's performance. Additionally, organisations should strive to use metrics that are meaningful to employees. This can ensure that employees are motivated to reach their goals and understand how their activities contribute to the organisation's success.

Finally, organisations should strive to use easily understandable metrics. This can help ensure that employees can interpret the data and make decisions based on meaningful insights.

Organisations must be aware of the potential pitfalls of over-reliance on metrics when implementing the Balanced Scorecard. By taking the necessary steps to ensure that the metrics used are relevant, up-to-date, and easily understandable, organisations can ensure the effectiveness of the Balanced Scorecard and the success of their organisation.

CHAPTER V. Implementing the Balanced Scorecard

5.1 Establishing a Framework

According to the lecture notes on Business Strategy by Yiannis Pollalis, the Balanced Scorecard's Development Methodology is a comprehensive approach to creating and implementing a Balanced Scorecard. This strategic management framework helps organisations align their activities with their vision and strategy. The following steps are undertaken to implement the Balanced Scorecard successfully:

First Step: Strategy Development

During this phase, the organisation outlines its vision and strategy, ensuring a clear understanding of its long-term objectives. This involves assessing its strategic positioning in the competitive environment and understanding its strengths and weaknesses compared to competitors. Strategic objectives are then formulated, typically around 4 to 5 per dimension, representing different aspects of the organisation's goals.

Strategy Development is a crucial initial stage in the BSC Development Methodology as it sets the foundation for aligning all further efforts with the organisation's overarching mission. This step includes conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to gain insights into the internal and external factors influencing the organisation's performance.

Second Step: Selecting Dimensions and Forming Logically Coherent Associations

In this step, the organisation identifies and prioritises the critical dimensions that directly influence the achievement of strategic objectives. These dimensions are closely linked and form logically coherent associations, ensuring that actions taken in one area positively impact others. The connections between the dimensions are modelled to create a "Strategy Map," illustrating cause-and-effect chains.

The Strategy Map is a powerful visual representation that helps stakeholders understand the interdependencies between different aspects of the organisation's strategy. By highlighting these relationships, the organisation can better allocate resources and efforts to areas that will significantly impact its overall performance.

Third Step: Identify Measurable Quantities and Indicators

In this stage, the organisation identifies measurable quantities, known as Key Performance Indicators (KPIs), to assess the progress toward achieving each strategic objective. Typically, 2 to 3 KPIs are selected for each strategic objective, providing a balanced and comprehensive set of performance metrics. The indicators are carefully defined, ensuring they are specific, measurable, achievable, relevant, and time-bound (SMART).

Selecting appropriate KPIs is a critical aspect of the BSC Development Methodology, enabling the organisation to track its performance objectively. The SMART criteria ensure the indicators are well-defined and aligned with the strategic objectives, providing meaningful insights into the organisation's progress.

Identify Actions

To implement the strategy and achieve the desired outcomes successfully, the organisation needs to identify specific actions or initiatives. These actions are designed to address the strategic objectives effectively. Typically, 5 to 10 actions are identified for each strategic purpose, and they should be actionable, well-planned, and assigned to responsible individuals or teams.

The success of any strategy lies in its execution, and identifying actionable initiatives is a crucial step in this process. By assigning responsibilities and setting clear action plans, the organisation can ensure that the strategy is translated into practical steps that lead to positive results.

The BSC Development Methodology provides a systematic and structured approach to strategic management. It enables organisations to clarify their vision, align activities, track progress effectively, and achieve long-term success amidst dynamic and competitive environments.

Establishing a framework for implementing the Balanced Scorecard involves several key steps that are essential for successfully aligning organisational priorities, objectives, and strategies with measured outcomes. According to a study by Friesen and Das (2015), effective implementation of the Balanced Scorecard requires the establishment of a clear vision and objectives, the identification and mapping of key performance indicators (KPIs)

for measuring progress toward those objectives, and the integration of performance reporting and management practices into existing organisational processes.

A central component of implementing the Balanced Scorecard is developing a clear and concise strategic plan that identifies key objectives, initiatives, and measures aligned with organisational stakeholders and resources (Malmi and Brown, 2008). This planning process should involve a thorough analysis of internal and external business environments, identification of key stakeholders and drivers of organisational performance, and developing a strategic map that outlines the key objectives, initiatives, and KPIs for measuring progress.

Once the strategic plan and critical goals have been established, the next step in implementing the Balanced Scorecard is the identification of relevant KPIs that will be used to measure progress toward those objectives (Kaplan and Norton, 1996). These KPIs should be both qualitative and quantitative and should be aligned with the strategic objectives and initiatives identified in the planning process. KPIs must be specific, measurable, attainable, relevant, and time-bound (SMART) to enable effective performance management and reporting.

The final step in implementing the Balanced Scorecard involves integrating performance reporting and management practices into existing organisational processes (Ling and Tai, 2013). This requires systematic tracking and reporting of KPIs at regular intervals, as well as stable performance data review and analysis to identify areas of strength and improvement. Importantly, KPIs and performance reporting should be integrated with existing organisational processes (such as budgeting, planning, and reviews) to ensure alignment and integration across all levels of the organisation.

Implementing the Balanced Scorecard requires a clear vision and strategic plan, careful identification of key performance indicators, and integrating performance management and reporting practices into existing organisational processes. By following these key steps, organisations can effectively measure progress toward crucial objectives and drive continuous improvement toward long-term success.

5.2 Assigning Responsibilities

Assigning responsibilities is an essential component of implementing the Balanced Scorecard effectively. Research has shown that organisations that need to assign clear and specific responsibilities for implementing the Balanced Scorecard are less likely to achieve their strategic objectives (Hansen et al., 2003). Assigning responsibilities involves identifying the individuals or teams responsible for leading and coordinating the implementation of the Balanced Scorecard. The individuals or teams assigned responsibilities should have the necessary skills, experience, and authority to carry out their duties effectively (Kaplan and Norton, 1996).

One approach to assigning responsibilities is to create a Balanced Scorecard implementation team. This team is responsible for leading the implementation process, including developing the Balanced Scorecard framework, identifying performance measures, and establishing performance targets. The team may also train and communicate with employees and track progress against the strategic objectives. Studies have shown that organisations that create dedicated Balanced Scorecard implementation teams are more likely to succeed in achieving their strategic objectives (Franco-Santos et al., 2012).

Another approach is to assign responsibilities to specific departments or functional areas within the organisation. For example, the sales department might be responsible for tracking sales performance measures, while the operations department might be responsible for tracking measures of efficiency and quality. This approach can increase engagement and ownership of the Balanced Scorecard process among employees within each department. However, it is essential to coordinate responsibilities across departments to avoid silos and to ensure alignment with the overall strategic objectives (Ittner and Larcker, 2003).

Effective communication is crucial when assigning responsibilities for implementing the Balanced Scorecard. The individuals or teams responsible for implementing the Balanced Scorecard should understand the initiative's purpose, identified performance measures, and the expected outcomes. Communication should be ongoing, with regular feedback provided on progress toward achieving the strategic objectives. Research has shown that effective communication and employee engagement are critical success factors for implementing the Balanced Scorecard (Johnson et al., 2014).

In conclusion, for organisations to implement the Balanced Scorecard successfully, they need to assign clear and specific responsibilities with the necessary skills, experience, and authority to carry out their duties effectively. One approach is to create a Balanced Scorecard implementation team or assign responsibilities to specific departments. Effective communication is crucial to ensure ownership, engagement and to track progress toward achieving strategic objectives. Organisations that develop a clear and coordinated approach to assigning responsibilities will increase their chances of success in implementing the Balanced Scorecard.

5.3 Setting Targets

Implementing the BSC requires a comprehensive approach that involves setting targets for each of the four perspectives: financial, customer, internal processes, and learning and growth. According to research findings, organisations that set clear and measurable targets for each of these perspectives achieve tremendous success in implementing the BSC framework.

One study by Thakur and Srivastava (2018) demonstrated that setting targets for the customer perspective helped organisations improve customer satisfaction, loyalty, and retention rates. In this approach, organisations identify specific customer segments and set targets for key performance indicators such as customer satisfaction scores, net promoter scores, and repeat business rates. These targets provide a clear focus and direction for the organisation regarding its customer strategy and enable it to measure its progress over time.

Similarly, setting targets for the internal perspective helps organisations streamline their internal processes and improve operational efficiency. In a study by Anand and Sahay (2015), organisations that set targets for key operational metrics such as cycle time, defect rate, and process yield achieved tremendous success in implementing the BSC. By monitoring these metrics, organisations could identify and address bottlenecks in their internal processes, leading to improved process efficiency and reduced costs.

Moreover, setting targets for the learning and growth perspective helps organisations foster a culture of continuous learning and improvement. According to a study by Maran (2019), organisations that set targets for employee skill development, knowledge sharing, and innovation achieved higher levels of employee engagement, productivity, and creativity. By encouraging employees to pursue personal and professional development goals, organisations

were able to build a more skilled and motivated workforce that contributed to their overall success.

In conclusion, setting targets is a critical step in implementing the Balanced Scorecard framework. By setting clear and measurable targets for each of the four perspectives, organisations can align their day-to-day operations with their long-term goals and monitor their progress over time.

CHAPTER VI. Questionnaire

On a scale of 1 to 10

Email address *

Valid email address

Question 1. How big is/was the company you are/were working for? Number of Employees:

- 1 to 10
- 10 to 50
- 50 to 250
- 250 or more

Question 2. What is your job title? 📄😎 *

Short answer text

Question 3. In which sector of the economy is your company active according to the image below?

Sectors of the Economy	
Primary (raw materials)	Extraction of raw materials
	Farming/fishing
Secondary (finished goods)	Manufacturing
	Utilities - electricity, gas
	Construction
Tertiary (service sector)	Retail
	Financial services
	Communication
	Hospitality and leisure
	Real estate
	Information technology
Quaternary	Education
	Public sector
	Research and development

www.economicshelp.org

- Primary
- Secondary
- Tertiary
- Quaternary

Question 4. Do you know what the Balanced Scorecard (BSC) is?

- Of course
- What is this? 😊

Question 5. The Balanced Scorecard (BSC) is a strategic management tool that helps organizations assess their performance against their objectives. It is used to measure and analyze an organization's performance, identify key areas for improvement, and develop strategies to achieve success. The BSC can be used by individuals, groups and entire organizations to assess their progress towards achieving desired outcomes.

Do you find the Balanced Scorecard useful?

- Yes
- No

Question 6. Would you try to integrate the Balanced Scorecard into your business?

- Yes
- No

Question 7. Was your company using a BSC **in the past** but they are not using it anymore?

- Yes
- No

Question 8. **If yes** - Please briefly explain why.

Your answer _____

Question 9. Is your company currently using a Balanced Scorecard (BSC)?

- Yes
- No

Question 10. **If Yes** - How long has the company been approximately using a Balanced Scorecard?

- 0-3 years
- 3-6 years
- More than 6 years

Question 11. Has the company noticed any positive changes since implementing the use of a Balanced Scorecard?

- Yes
- No

Question 12. What is/are the main reason/reasons of using a BSC at your company?

- It helps us get organized
- We can better track our performance
- We get ambitious and motivated to reach the scores
- All the above
- None of the above

Question 13. How well does the Balanced Scorecard help your business in identifying and monitoring risks?

1 2 3 4 5 6 7 8 9 10

Not at all Is the best MGT tool! 🚀

Question 14. How well does the Balanced Scorecard help your business to align its activities with its strategic objectives?

1 2 3 4 5 6 7 8 9 10

Not at all Very much 🚀

Question 15. How well does the Balanced Scorecard help your business to communicate its performance to stakeholders?

1 2 3 4 5 6 7 8 9 10

Not at all Very crucial

Question 16. How well does the Balanced Scorecard help your business to allocate resources effectively?

1 2 3 4 5 6 7 8 9 10

Not at all Very much 🚀

Question 17. How well does the Balanced Scorecard help your business to improve collaboration and teamwork among employees?

1 2 3 4 5 6 7 8 9 10

Help what?? We love it ❤️

Question 18. How well does the Balanced Scorecard help your business to anticipate and adapt to changes in the market or industry?

1 2 3 4 5 6 7 8 9 10

Help what?? We know the future 🧠

6.1 Introduction

This chapter has delved into the intricacies of the research approach, survey methodology, and the development of the questionnaire. Conducting a comprehensive study requires a well-structured and systematic methodology to ensure reliable and meaningful results. Therefore, this chapter serves as a guide to understanding the framework and tools employed in the research.

Approach:

The survey methodology has been adopted for this study, allowing data to be gathered from a large sample size and insights to be obtained into the research subject at hand. By utilising a survey approach, information has been collected from a diverse range of participants, enabling the exploration of various perspectives and drawing more robust conclusions.

Survey Methodology:

The survey methodology has encompassed the overall design and implementation of the research study. It involves several steps including sampling, data collection, analysis, and interpretation. A carefully developed survey design has been employed, aligning with the research objectives and effectively capturing the required information.

Sampling has played a crucial role in survey methodology as it has determined the participants included in the study. The sampling strategy employed has been discussed, including the target population, sampling frame, and the sampling technique used to select the respondents. Additionally, any limitations or biases associated with the sampling approach have been highlighted to ensure transparency in the methodology. Furthermore, the process of obtaining informed consent from participants and ensuring their privacy and confidentiality throughout the study has been outlined.

Questionnaire:

The questionnaire has served as the primary instrument for data collection in this study. It consists of a set of carefully designed questions to elicit responses relevant to the research objectives. In this chapter, an overview has been provided of the questionnaire's development process, including the identification of critical variables, the construction of questions, and the validation of the questionnaire's content.

Moreover, the pilot testing phase has been carried out, where a small group of participants has completed the questionnaire to ensure its effectiveness and clarity. The feedback and suggestions provided by the participants have allowed for the refinement of the questionnaire and the enhancement of its reliability and validity.

By providing a detailed account of the approach, survey methodology, and the development of the questionnaire, this chapter aims to establish a solid foundation for the subsequent analysis and interpretation of the research findings.

6.2 Sample

The Balanced Scorecard survey's sample is targeted toward individuals employed in predominantly global companies. The survey aims to gather insights and perspectives from professionals working in organisations that operate globally.

In selecting the sample, the researchers have focused on individuals with direct experience and knowledge of the Balanced Scorecard methodology within the context of global companies. This ensures that the survey captures the specific challenges, opportunities, and best practices associated with implementing and utilising the balanced scorecard in a global organisational setting.

The sample includes professionals from various functional areas, such as finance, operations, human resources, marketing, and strategy. This diverse representation allows for a comprehensive understanding of how the balanced scorecard is utilised across different departments and functions within global companies.

To ensure the reliability and validity of the survey data, the researchers employed rigorous sampling techniques. They have reached out to professionals through professional

networks, industry associations, and online platforms frequented by individuals working in global companies. This approach helps to ensure that the sample represents a broad range of perspectives and experiences.

By focusing on individuals employed in predominantly global companies, the survey aims to provide valuable insights into how the balanced scorecard is used as a strategic management tool in an international business context. The findings from this sample will contribute to a better understanding of the challenges and opportunities faced by global organisations when implementing and leveraging the balanced scorecard framework.

6.3 The method used to send the questionnaire

The method chosen for sending the questionnaire was digital communication, specifically the use of the Google+ form to create and distribute the questionnaire. This approach was chosen because of its convenience, ease of use and ability to reach many participants effectively.

Using the Google+ form, the design of a structured questionnaire with different types of questions, such as multiple choice, open-ended and rating scale questions, was achieved. This digital format allowed for automated data collection, simplifying the process of collecting responses and ensuring accuracy in data entry.

To confirm receipt of the email containing the questionnaire and to ensure that it was delivered to the appropriate recipient within the target organisations, some phone calls were made to ensure the successful delivery of the questionnaire. This step was implemented to minimise any technical or communication problems that could prevent the delivery of the questionnaire or cause it to be overlooked.

Overall, the use of digital communication, precisely the Google+ form, served as an effective method for sending the questionnaire and facilitating a smooth data collection process. This effectively gathered the responses from the participants and ensured that the questionnaire reached the right people in the target organisations.

6.4 Survey Questionnaire

Overview of Survey Results:

The survey encompassed a diverse range of companies in terms of size and sector. Regarding company size, most respondents worked in organisations with 250 or more employees, while smaller proportions were represented by companies with 50 to 250 employees, 10 to 50 employees, and 1 to 10 employees. This variation in company size provides a valuable perspective on the applicability of the Balanced Scorecard across different organisational scales.

Regarding sector representation, the tertiary sector emerged as the most prevalent, indicating the dominance of service-based industries. The quaternary sector also had significant representation, highlighting the involvement of knowledge-intensive industries. The secondary sector had a more miniature representation in the survey, suggesting a potential focus on manufacturing and production-based organisations.

Perception of the Balanced Scorecard:

A noteworthy finding from the survey was that approximately half of the respondents reported familiarity with the Balanced Scorecard. In contrast, the other half indicated a lack of awareness. However, among those who were familiar with the BSC, the overwhelming majority found it helpful in assessing performance, identifying improvement areas, and developing strategies for success. This positive perception indicates the value and potential benefits of the Balanced Scorecard framework.

Integrating the Balanced Scorecard:

An encouraging finding was the high percentage of respondents expressing a willingness to integrate the Balanced Scorecard into their businesses. This suggests a recognition of its potential to enhance organisational performance and align activities with

strategic objectives. Furthermore, it indicates a proactive approach toward utilising management tools to drive success and improve overall outcomes.

Usage and Duration:

Regarding current usage, approximately half of the respondents reported implementing the Balanced Scorecard in their companies, while the other half indicated a lack of current usage. Among those currently using the BSC, the majority had been utilising it for up to three years, indicating a relatively recent adoption of the framework in these organisations. This finding suggests that organisations actively explore and implement the Balanced Scorecard to enhance their strategic management practices.

Positive Changes and Reasons for Usage:

The survey revealed that a significant majority of respondents reported positive changes within their companies since implementing the Balanced Scorecard. This suggests that the framework has a tangible impact on performance and drives improvements in various aspects of organisational functioning. The main reasons cited for using the Balanced Scorecard included better performance tracking, organisational alignment, and increased ambition and motivation.

Effectiveness in Key Areas:

The survey further explored the effectiveness of the Balanced Scorecard in specific areas. Respondents rated its impact on risk identification and monitoring, alignment with strategic objectives, communication of performance to stakeholders, resource allocation, collaboration and teamwork, and adaptability to market changes. Overall, the ratings indicated varying degrees of perceived effectiveness, with higher ratings observed in areas such as performance communication and resource allocation. This implies that the Balanced Scorecard positively influences these aspects of organisational functioning.

Conclusion:

Analysing the survey responses provides valuable insights into the implementation and impact of the Balanced Scorecard in organisational contexts. The findings indicate a growing recognition of its value in assessing performance, aligning activities with strategic objectives, and driving positive changes. The survey highlights the need for continuous exploration and utilisation of management tools such as the Balanced Scorecard to enhance organisational effectiveness and adaptability in an ever-evolving business landscape.

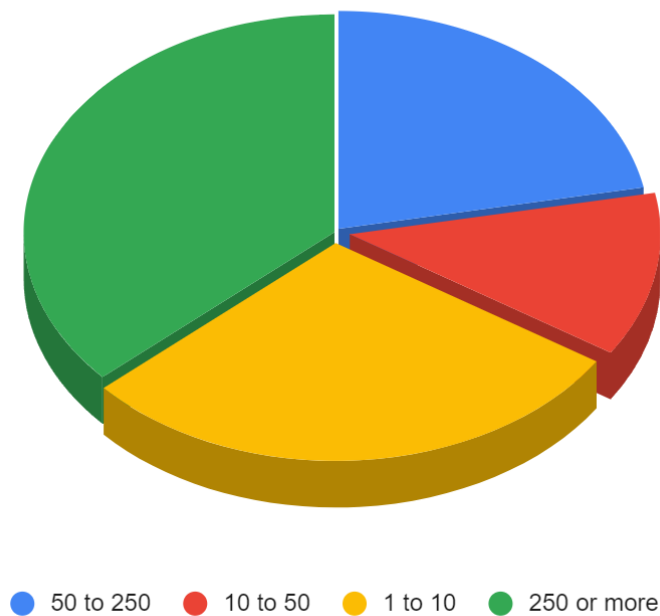
Based on the provided response options for Question 1, "How big is/was the company you are/were working for? Number of Employees", the breakdown of the responses is as follows:

250 or more employees: 36.6%

50 to 250 employees: 22%

10 to 50 employees: 12.2%

1 to 10 employees: 29.3%



Source: Self-compiled

Diagram 6.4.1

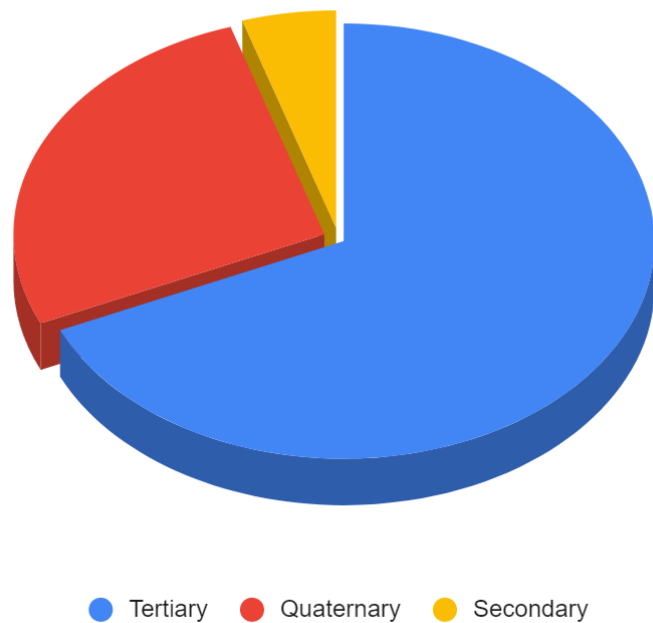
Question 1, "How big is/was the company you are/were working for? Number of Employees"

1. Majority of respondents: The largest percentage of respondents (36.6%) reported working for companies with 250 or more employees. This indicates that a significant portion of the sample is associated with larger organisations.
2. Moderate-sized companies: The second-largest group of respondents (22%) reported working for companies with 50 to 250 employees. This suggests a substantial representation of organisations that fall within a moderate size range.
3. Small-sized companies: Approximately 12.2% of respondents indicated working for companies with 10 to 50 employees. These responses represent a more minor but notable sample segment associated with smaller-sized organisations.
4. Micro-sized companies: The highest percentage of respondents (29.3%) reported working for companies with 1 to 10 employees, indicating a significant representation of individuals employed by micro-sized companies or startups.

Analysing the distribution of responses provides insights into the company size composition within the surveyed population. It indicates various organisations, including larger enterprises, moderate-sized companies, small businesses, and micro-sized startups. This information can help contextualise the subsequent analysis and interpretation of survey data, as the responses may vary based on the size and resources of the companies represented.

Based on the provided response options for Question 3, "In which sector of the economy is your company active?", the breakdown of the responses is as follows:

- Primary sector: 0%
- Secondary sector: 4.9%
- Tertiary sector: 68.3%
- Quaternary sector: 26.8%



Source: Self-compiled

Diagram 6.4.2

Question 3, "In which sector of the economy is your company active?"

To analyse these responses, it is essential to consider the following insights:

1. **Dominance of the Tertiary sector:** The majority of respondents (68.3%) indicated that their companies are active in the tertiary sector. The tertiary sector encompasses industries related to services, such as retail, hospitality, finance, healthcare, and education. This suggests a significant representation of service-based industries within the surveyed sample.
2. **Significant Quaternary sector presence:** A notable portion of respondents (26.8%) reported their companies being active in the quaternary sector. The quaternary sector includes industries related to knowledge-based or information-intensive activities, such as research, development, technology, and consulting. This indicates a considerable representation of companies engaged in specialized services or knowledge-based work.
3. **Limited Secondary sector presence:** A smaller percentage of respondents (4.9%) indicated their companies being active in the secondary sector. The secondary sector refers to industries involved in manufacturing, construction, or production of goods. While this percentage is relatively low, it still represents a segment of respondents associated with manufacturing or production-oriented companies.

Analysing the distribution of responses provides insights into the sectors of the economy where the surveyed companies are active. Most companies operate in the tertiary sector, indicating a prevalence of service-based industries within the sample. Additionally, a significant presence in the quaternary sector suggests focusing on knowledge-intensive activities. The limited representation of the secondary sector indicates a lesser emphasis on manufacturing or production-oriented industries within the surveyed population.

Understanding the sectoral composition of the companies helps contextualize the subsequent analysis and interpretation of survey data. It allows for a deeper understanding of the industry dynamics and potential response variations based on the sector-specific characteristics and challenges.

Based on the provided response options for Question 4, "Do you know what the Balanced Scorecard (BSC) is?", the breakdown of the responses is as follows:

- Yes: 51.2%

- No: 48.8%



Source: Self-compiled

Diagram 6.4.3

Question 4, "Do you know what the Balanced Scorecard (BSC) is?"

1. Familiarity with the Balanced Scorecard (BSC): Slightly more than half of the respondents (51.2%) indicated that they are familiar with the Balanced Scorecard (BSC). This suggests that a significant portion of the surveyed population has knowledge or awareness of the BSC framework.
2. Lack of familiarity: The remaining respondents (48.8%) reported not being familiar with the Balanced Scorecard (BSC). This indicates that nearly half of the participants do not have prior knowledge or exposure to the BSC concept.

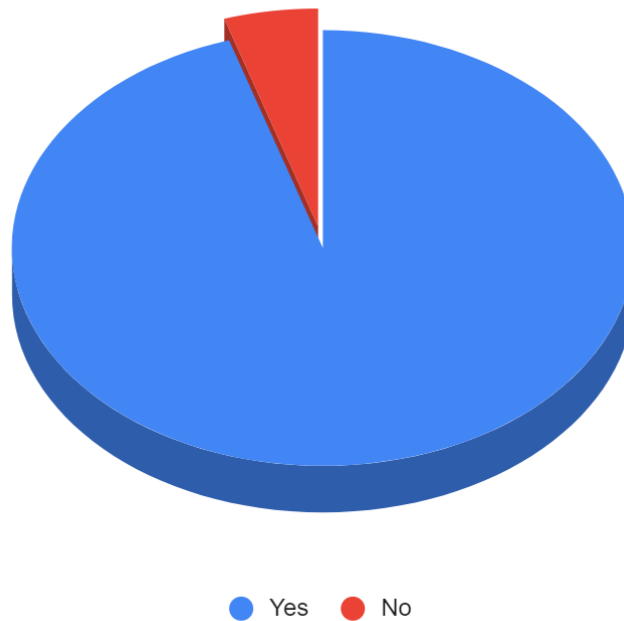
Analysing the distribution of responses provides insights into the familiarity of the surveyed individuals with the Balanced Scorecard (BSC). The results indicate a somewhat balanced split between those who are familiar with the BSC and those who are not.

Understanding the level of familiarity with the BSC among the respondents is important for interpreting the subsequent survey results. It helps identify the need for additional explanation or clarification regarding the BSC framework in the analysis and interpretation of their responses. Additionally, it can provide insights into potential variations in responses based on the respondents' prior knowledge and understanding of the BSC concept.

Based on the provided response options for Question 5, "Do you find the Balanced Scorecard useful?", the breakdown of the responses is as follows:

- Yes: 95.1%

- No: 4.9%



Source: Self-compiled

Diagram 6.4.4

Question 5, "Do you find the Balanced Scorecard useful?"

1. Strongly perceived usefulness: Most respondents (95.1%) find the Balanced Scorecard (BSC) a useful strategic management tool. This indicates a high level of positive perception and acceptance of the BSC framework within the surveyed population.
2. Minority expressing disinterest: A small percentage of respondents (4.9%) indicated that they do not find the Balanced Scorecard useful. While this percentage is relatively low, it still represents a minority viewpoint within the surveyed population.

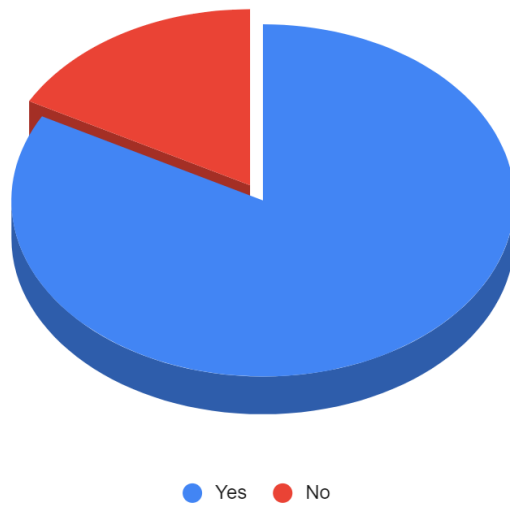
Analysing the distribution of responses provides insights into the perceived usefulness of the Balanced Scorecard (BSC) among the surveyed individuals. The overwhelming majority of respondents view the BSC as a valuable tool for assessing performance, identifying areas for improvement, and developing strategies. This indicates a strong endorsement of the BSC's utility in helping organisations achieve their objectives.

Understanding the perceived usefulness of the BSC is essential for interpreting the subsequent survey results and assessing the respondents' overall attitude toward the framework. It suggests a positive inclination toward the BSC and highlights the potential benefits of utilising this strategic management tool for performance assessment and strategy development.

Based on the provided response options for Question 6, "Would you try to integrate the Balanced Scorecard into your business?", the breakdown of the responses is as follows:

- Yes: 82.9%

- No: 17.1%



Source: Self-compiled

Diagram 6.4.5

Question 6, "Would you try to integrate the Balanced Scorecard into your business?"

1. Strong willingness to integrate: The majority of respondents (82.9%) expressed their intention to integrate the Balanced Scorecard (BSC) into their business. This indicates a high level of interest and openness to adopting the BSC framework as a strategic management tool.
2. Minority expressing hesitation: A smaller percentage of respondents (17.1%) indicated that they would not try to integrate the Balanced Scorecard into their business. While this percentage is relatively low, it still represents a minority viewpoint within the surveyed population.

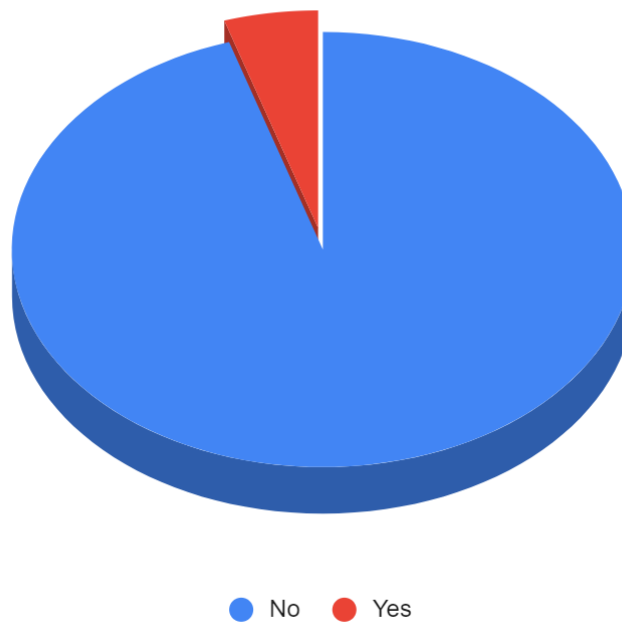
Analysing the distribution of responses provides insights into the willingness of the surveyed individuals to integrate the Balanced Scorecard (BSC) into their business operations. The results indicate a strong inclination and positive attitude toward incorporating the BSC framework as a strategic management tool.

Understanding the willingness to integrate the BSC is valuable for interpreting the subsequent survey results and assessing the respondents' readiness to implement this approach within their organisations. It suggests a high potential for adoption and highlights the perceived value and benefits associated with the BSC framework for performance assessment and strategic planning.

Based on the provided response options for Question 7, "Was your company using a Balanced Scorecard (BSC) in the past but they are not using it anymore?", the breakdown of the responses is as follows:

- Yes: 4.9%

- No: 95.1%



Source: Self-compiled

Diagram 6.4.6

Question 7, "Was your company using a Balanced Scorecard (BSC) in the past but they are not using it anymore?"

1. A limited number of companies discontinuing BSC usage: A small percentage of respondents (4.9%) reported that their companies had previously used a Balanced Scorecard (BSC) but are not using it anymore. This suggests that discontinuation of BSC usage is uncommon within the surveyed population.

Reason for integration: Some respondents expressed their motivation to integrate the Balanced Scorecard (BSC) based on the need to keep track of team performance and align with Key Performance Indicators (KPIs). This indicates an awareness of the benefits of measuring performance and the belief that what gets measured can be improved. The BSC provides a framework for tracking and aligning performance metrics, allowing organisations to focus on strategic goals and drive improvement.

2. Majority indicating continuous BSC usage: Most respondents (95.1%) stated that their companies had not used a BSC before and are not currently using it. This indicates that most companies represented in the survey have not implemented the BSC framework in the past or have not discontinued its usage.

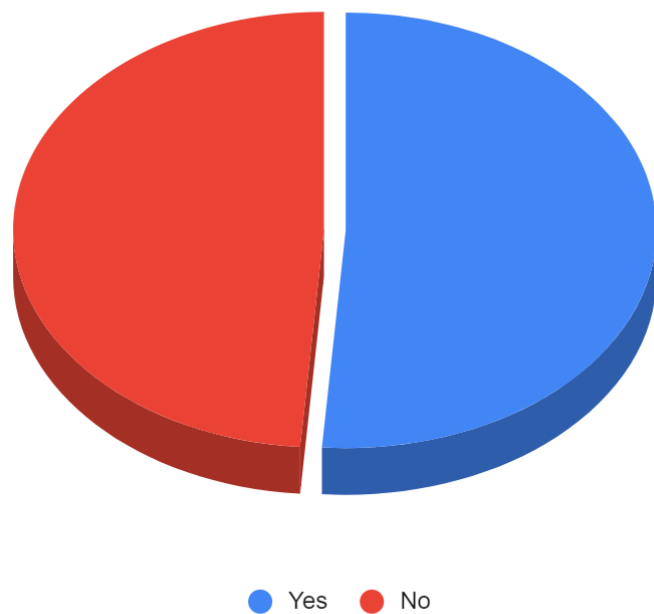
Analysing the distribution of responses provides insights into the historical usage of the Balanced Scorecard (BSC) within the surveyed companies. The results indicate that the majority of companies have either never used the BSC or continue to use it without discontinuation.

Understanding the usage history of the BSC within companies is valuable for interpreting the subsequent survey results and assessing the level of experience and familiarity with the framework. Implementing the BSC may be more prevalent among companies that have consistently utilised it, while discontinuing BSC usage is less common among the surveyed population.

Based on the provided response options for Question 9, "Is your company currently using a Balanced Scorecard (BSC)?", the breakdown of the responses is as follows:

- Yes: 51.2%

- No: 48.8%



Source: Self-compiled

Diagram 6.4.7

Question 9, "Is your company currently using a Balanced Scorecard (BSC)?"

1. Current usage of the Balanced Scorecard (BSC): Slightly more than half of the respondents (51.2%) indicated that their company is currently using a Balanced Scorecard. This suggests that a significant portion of the surveyed population has implemented or adopted the BSC framework as a strategic management tool.
2. Lack of current usage: The remaining respondents (48.8%) reported that their company needs a Balanced Scorecard. This indicates that a substantial percentage of companies within the sample have either yet to implement the BSC or have discontinued its usage.

Analysing the distribution of responses provides insights into the current usage status of the Balanced Scorecard (BSC) within the surveyed companies. The results indicate a relatively balanced split between those currently using the BSC and those who are not.

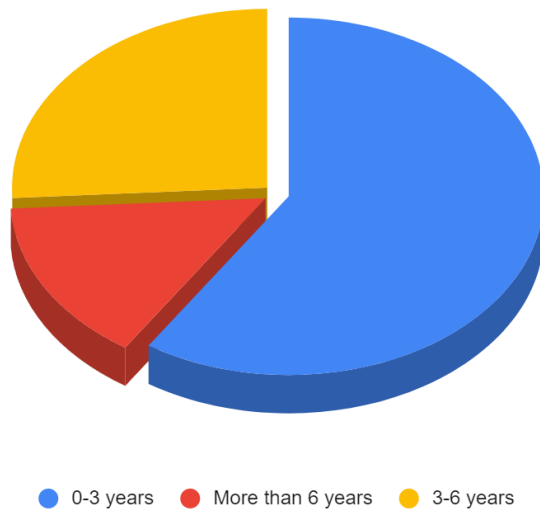
Understanding the current usage of the BSC among the companies surveyed is essential for interpreting the subsequent survey results. It helps identify the level of familiarity and practical experience with the BSC framework within the organisations. Additionally, it allows for potential response variations based on the respondents' current utilisation of the BSC and its impact on their perspectives and practices.

Based on the provided response options for Question 10, "If Yes - How long has the company been approximately using a Balanced Scorecard?", the breakdown of the responses is as follows:

- 0-3 years: 59.3%

- 3-6 years: 25.9%

- More than 6 years: 14.8%



Source: Self-compiled

Diagram 6.4.8

Question 10, "If Yes - How long has the company been approximately using a Balanced Scorecard?"

To analyse these responses, it is important to consider the following insights:

1. Relatively recent implementation: The majority of respondents (59.3%) indicated that their company has been using a Balanced Scorecard (BSC) for approximately 0-3 years. This suggests that a significant portion of the companies adopting the BSC framework within the surveyed population are relatively new to its implementation.
2. Moderate experience: A notable percentage of respondents (25.9%) reported their company using the BSC for 3-6 years. This indicates a segment of companies utilising the BSC for a moderate period, gaining some experience and familiarity with the framework over time.
3. Long-term adoption: A smaller percentage of respondents (14.8%) stated that their company had used the BSC for over six years. This indicates a minority of companies with a long-term adoption and implementation of the BSC framework, suggesting a higher level of experience and potential for more profound integration within their organisational practices.

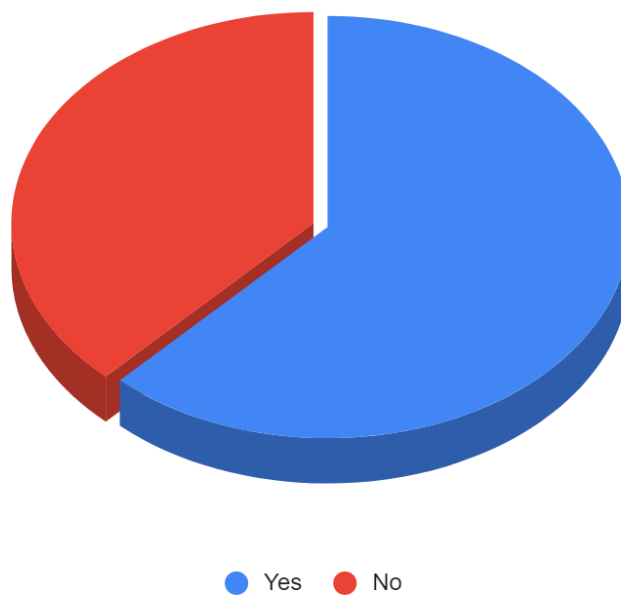
Analysing the distribution of responses provides insights into the approximate duration of Balanced Scorecard (BSC) usage within the surveyed companies. The results indicate a mix of companies with varying experience levels, ranging from relatively recent implementations to longer-term adoptions.

Understanding the duration of BSC usage helps contextualise the implementation timeline and potential maturity of the framework within the organisations. It allows for a deeper understanding of the practical experience and potential variations in perspectives and practices based on the length of BSC adoption. Additionally, it provides insights into the timeline for potential impact and organisational learning associated with the BSC implementation.

Based on the provided response options for Question 11, "Has the company noticed any positive changes since implementing the use of a Balanced Scorecard?", the breakdown of the responses is as follows:

- Yes: 62.1%

- No: 37.9%



Source: Self-compiled

Diagram 6.4.9

Question 11, "Has the company noticed any positive changes since implementing the use of a Balanced Scorecard?"

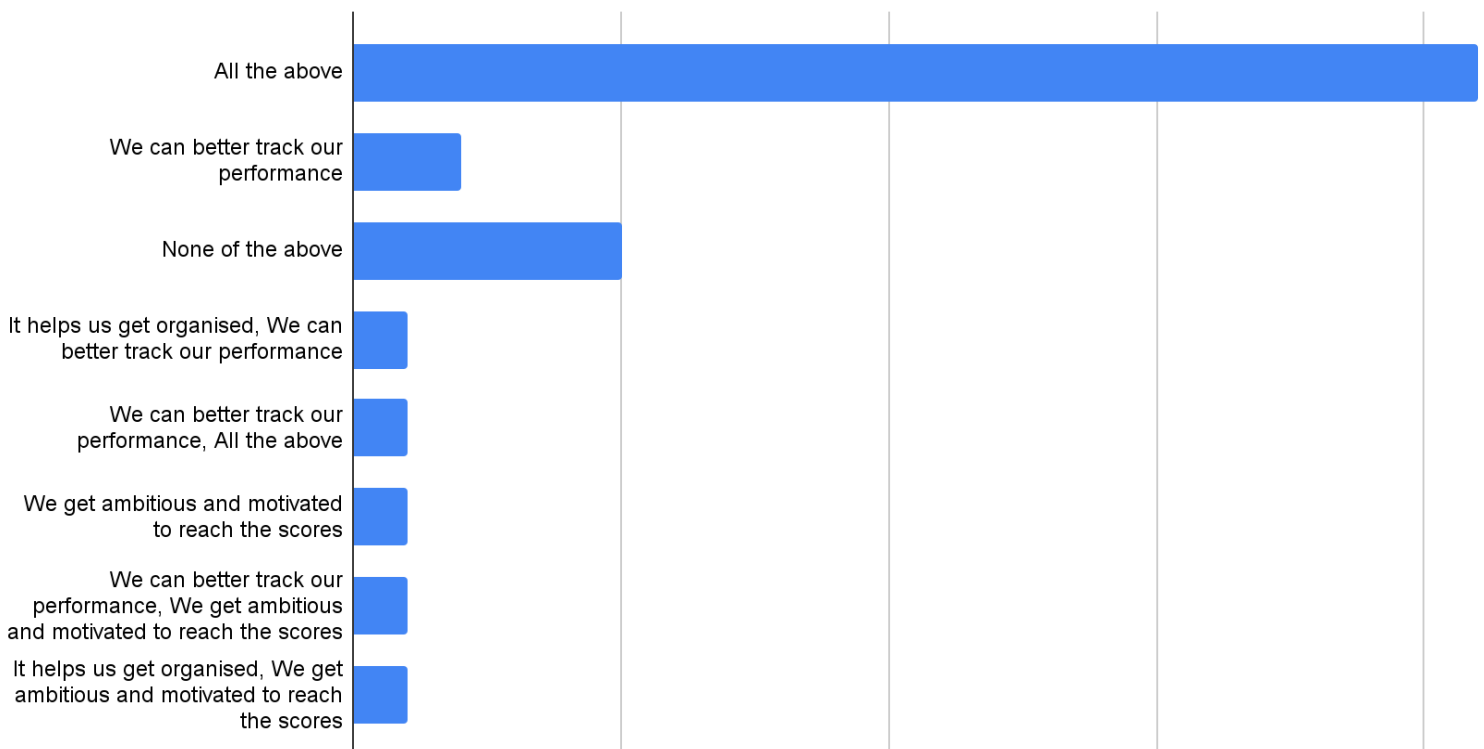
1. Positive impact observed: The majority of respondents (62.1%) reported that their company had noticed positive changes since implementing a Balanced Scorecard (BSC). This indicates that a significant portion of the surveyed companies have experienced beneficial outcomes or improvements due to adopting the BSC framework.
2. Lack of perceived positive changes: A smaller percentage of respondents (37.9%) indicated that their company had not observed any positive changes since implementing the BSC. This suggests that some companies within the sample have yet to see noticeable improvements or benefits from using the BSC framework.

Analysing the distribution of responses provides insights into the perceived impact of implementing the Balanced Scorecard (BSC) within the surveyed companies. The results indicate that most companies have noticed positive changes using the BSC framework.

Understanding the perceived positive changes resulting from BSC implementation is important for evaluating the effectiveness and value of the framework. It highlights the potential benefits and impact of the BSC's use in driving performance improvements and strategic alignment. Additionally, it acknowledges that not all companies may have experienced positive changes, suggesting the need for further investigation into factors that may influence the success and outcomes of BSC implementation.

Based on the provided response options for Question 12, "What is/are the main reason/reasons for using a Balanced Scorecard (BSC) at your company?", the breakdown of the responses is as follows:

- It helps us get organised: 6.1%
- We can better track our performance: 15.2%
- We get ambitious and motivated to reach the scores: 9.1%
- All the above: 66.7%
- None of the above: 15.2%



Source: Self-compiled

Diagram 6.4.10

Question 12, "What is/are the main reason/reasons for using a Balanced Scorecard (BSC) at your company?"

To analyse these responses, it is important to consider the following insights:

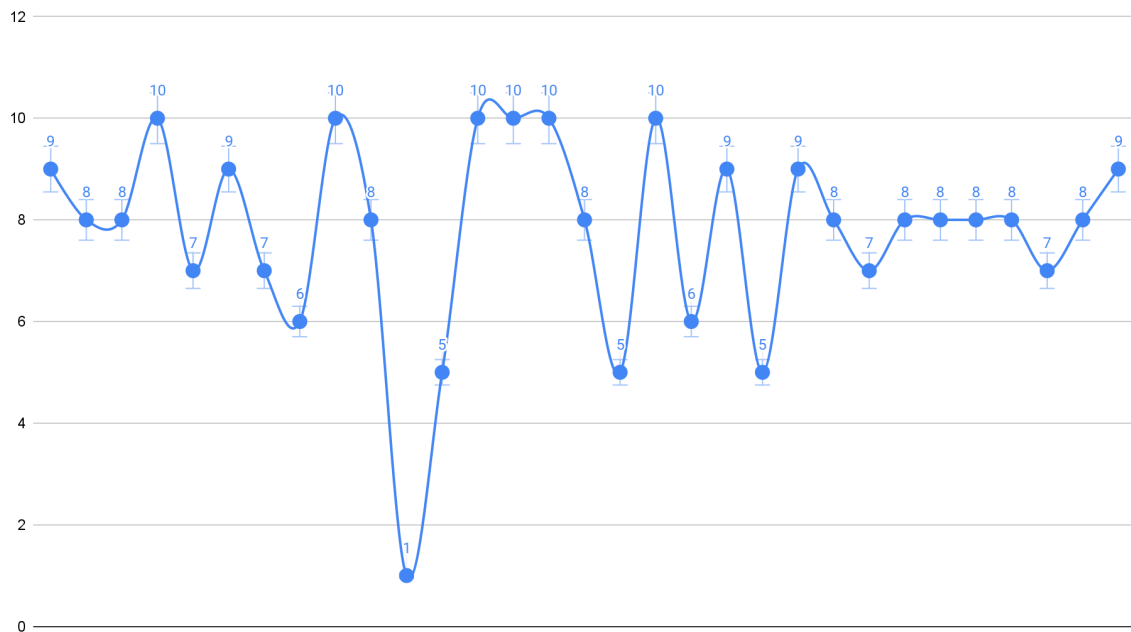
1. Multiple reasons for BSC usage: The majority of respondents (66.7%) indicated that their company uses the Balanced Scorecard (BSC) for all the mentioned reasons. This suggests that many surveyed companies see the BSC as a comprehensive tool that helps with organisation, performance tracking, and motivation.
2. Performance tracking and motivation: A notable percentage of respondents (15.2%) mentioned that their main reason for using the BSC is to track performance better. Additionally, a smaller portion (9.1%) reported that the BSC helps them become ambitious and motivated to achieve their scores.
3. Limited emphasis on organisation: A smaller percentage of respondents (6.1%) mentioned that getting organised is the main reason for using the BSC.
4. Non-applicable reasons: A subset of respondents (15.2%) indicated that none of the mentioned reasons apply to their company's use of the BSC.

Analysing the distribution of responses provides insights into the main reasons for using the Balanced Scorecard (BSC) within the surveyed companies. The results indicate that most companies utilise the BSC for a combination of reasons, including organisation, performance tracking, and motivation. This highlights the holistic nature of the BSC as a strategic management tool.

Understanding the main reasons for BSC usage helps identify the perceived benefits and motivations associated with implementing the framework within organisations. It indicates that the BSC is a valuable tool for multiple aspects of performance management and strategic alignment. Additionally, the inclusion of "none of the above" responses suggests the need for further investigation into unique reasons or factors driving BSC adoption within certain companies.

Based on the provided response options for Question 13, "How well does the Balanced Scorecard help your business in identifying and monitoring risks?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.2%
- 5: 9.7%
- 6: 6.5%
- 7: 12.9%
- 8: 32.3%
- 9: 16.1%
- 10: 19.4%



Source: Self-compiled

Diagram 6.4.11

Question 13, "How well does the Balanced Scorecard help your business in identifying and monitoring risks?"

By analysing these responses, it is important to consider the following insights:

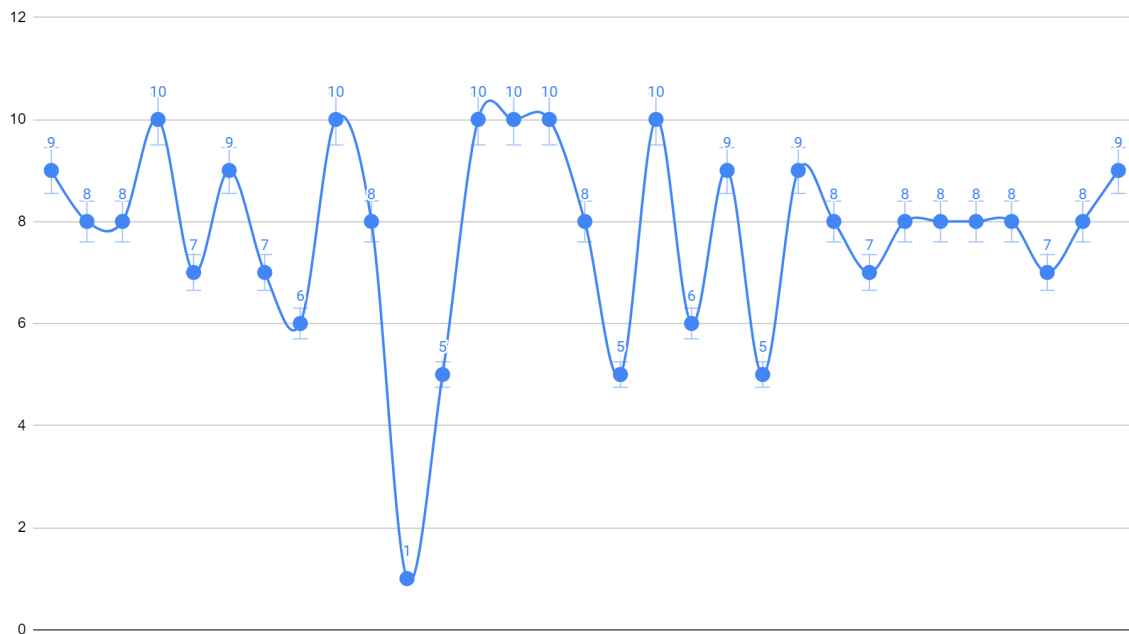
1. Positive perception of risk identification and monitoring: The majority of respondents provided ratings above 5, indicating that they believe the Balanced Scorecard (BSC) helps their business to some extent in identifying and monitoring risks.
2. Significant portion with high ratings: A notable percentage of respondents rated the BSC quite favourably, with ratings of 8 (32.3%), 9 (16.1%), and 10 (19.4%). This suggests that a significant portion of the surveyed companies see the BSC as a strong risk identification and monitoring tool.
3. Moderate ratings: Some respondents also provided ratings between 5 and 7, suggesting a more moderate perception of the BSC's effectiveness in risk management.
4. Lower ratings: A smaller percentage of respondents (3.2%) rated the BSC as not helpful at all (1), indicating a perception of limited effectiveness in risk identification and monitoring.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in identifying and monitoring risks within the surveyed companies. The results indicate that many companies view the BSC as a valuable tool for managing risks, with a notable proportion providing high ratings.

Understanding the perceived effectiveness of the BSC in risk identification and monitoring helps evaluate its role as a risk management tool. It highlights the potential benefits and impact of using the BSC framework in identifying and mitigating organisational risks. The ratings distribution indicates varying degrees of confidence in the BSC's effectiveness, with a significant portion expressing positive perceptions.

Based on the provided response options for Question 14, "How well does the Balanced Scorecard help your business to align its activities with its strategic objectives?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.2%
- 3: 3.2%
- 5: 9.7%
- 7: 25.8%
- 8: 12.9%
- 9: 29%
- 10: 16.1%



Source: Self-compiled

Diagram 6.4.12

Question 14, "How well does the Balanced Scorecard help your business to align its activities with its strategic objectives?"

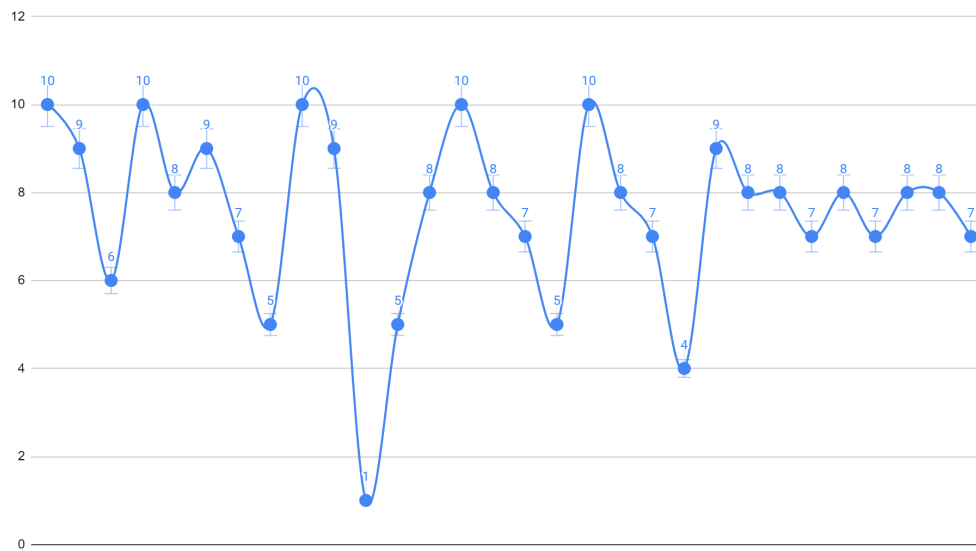
1. Moderate to high ratings: The majority of respondents provided ratings above 5, indicating that they believe the Balanced Scorecard (BSC) helps their business to some extent in aligning activities with strategic objectives.
2. Substantial portion with high ratings: A significant percentage of respondents rated the BSC favourably, with ratings of 7 (25.8%), 9 (29%), and 10 (16.1%). This suggests that a considerable portion of the surveyed companies see the BSC as an effective tool for aligning activities with strategic objectives.
3. 3. Mixed ratings in the lower range: Some lower ratings, between 1 and 5, indicate a mixed perception of the BSC's effectiveness in aligning activities with strategic objectives.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in aligning activities with strategic objectives within the surveyed companies. The results indicate that a significant portion of companies view the BSC as a valuable tool for achieving strategic alignment, with a notable proportion providing high ratings.

Understanding the perceived effectiveness of the BSC in aligning activities with strategic objectives helps evaluate its role in driving strategic execution within organisations. It highlights the potential benefits and impact of using the BSC framework to ensure that day-to-day activities are aligned with the overall strategic direction. The ratings distribution indicates varying degrees of confidence in the BSC's effectiveness, with a significant portion expressing positive perceptions.

Based on the provided response options for Question 15, "How well does the Balanced Scorecard help your business to communicate its performance to stakeholders?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.3%
- 4: 3.5%
- 5: 10%
- 6: 3.3%
- 7: 20%
- 8: 30%
- 9: 13.3%
- 10: 16.7%



Source: Self-compiled

Diagram 6.4.13

Question 15, "How well does the Balanced Scorecard help your business to communicate its performance to stakeholders?"

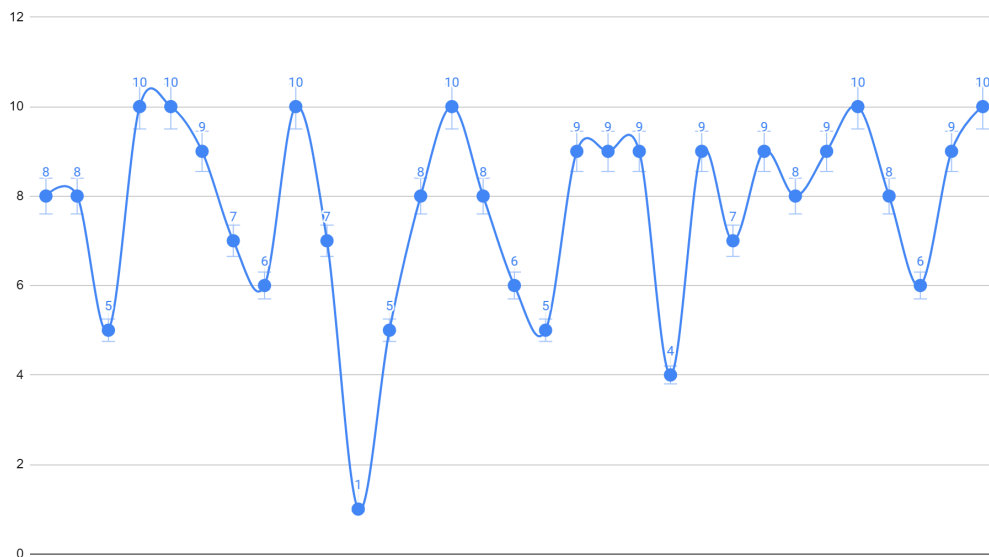
1. Moderate to high ratings: The majority of respondents provided ratings above 5, indicating that they believe the Balanced Scorecard (BSC) helps their business to some extent in communicating its performance to stakeholders.
2. Substantial portion with high ratings: A significant percentage of respondents rated the BSC favourably, with ratings of 7 (20%), 8 (30%), 9 (13.3%), and 10 (16.7%). This suggests that a considerable portion of the surveyed companies see the BSC as an effective tool for communicating performance to stakeholders.
3. Mixed ratings in the lower range: There are some lower ratings between 1 and 6, indicating a mixed perception of the BSC's effectiveness in communicating performance to stakeholders.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in communicating performance to stakeholders within the surveyed companies. The results indicate that a significant portion of companies view the BSC as a valuable tool for communicating performance information, with a notable proportion providing high ratings.

Understanding the perceived effectiveness of the BSC in communicating performance to stakeholders helps evaluate its role in transparently sharing organisational achievements and progress. It highlights the potential benefits and impact of using the BSC framework to communicate performance metrics and goals to stakeholders effectively. The rating distribution indicates varying degrees of confidence in the BSC's effectiveness, with a significant portion expressing positive perceptions.

Based on the provided response options for Question 16, "How well does the Balanced Scorecard help your business to allocate resources effectively?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.2%
- 4: 3.2%
- 5: 9.7%
- 6: 9.7%
- 7: 9.7%
- 8: 19.4%
- 9: 25.8%
- 10: 19.4%



Source: Self-compiled

Diagram 6.4.14

Question 16, "How well does the Balanced Scorecard help your business to allocate resources effectively?"

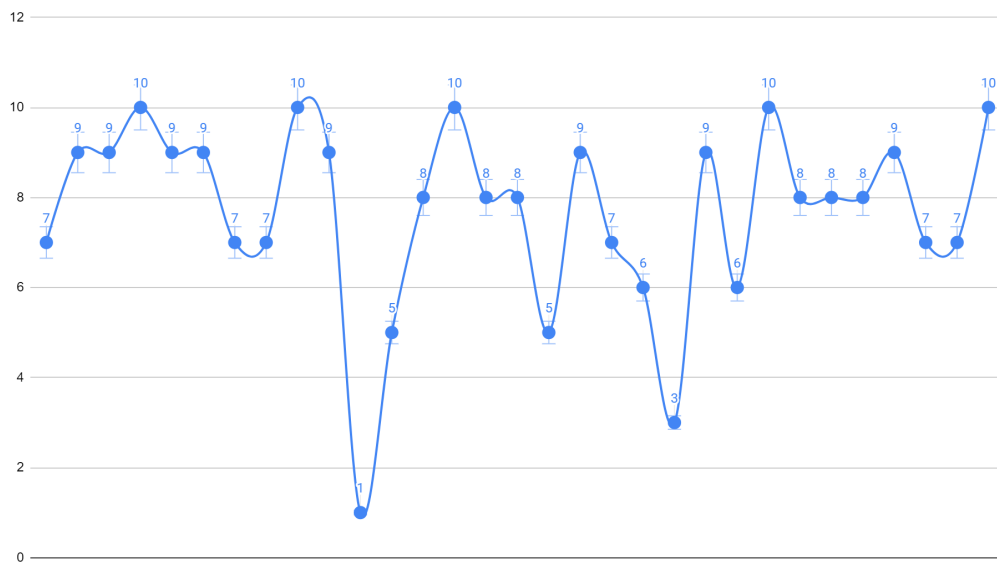
1. Moderate to high ratings: Most respondents provided ratings above 5, indicating that they believe the Balanced Scorecard (BSC) helps their business to some extent in allocating resources effectively.
2. Mixed ratings in the middle range: A significant percentage of respondents provided ratings in the range of 5 to 7, suggesting a mixed perception of the BSC's effectiveness in resource allocation.
3. Higher ratings for effective resource allocation: A notable proportion of respondents provided ratings of 8 (19.4%), 9 (25.8%), and 10 (19.4%). This suggests that a considerable portion of the surveyed companies see the BSC as an effective resource allocation tool.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in resource allocation within the surveyed companies. The results indicate that a significant portion of companies view the BSC as a valuable tool for effectively allocating resources, with a notable proportion providing high ratings.

Understanding the perceived effectiveness of the BSC in resource allocation helps evaluate its role in optimising resource utilisation within organisations. It highlights the potential benefits and impact of using the BSC framework to allocate resources based on organisational objectives strategically. The ratings distribution indicates varying degrees of confidence in the BSC's effectiveness, with a significant portion expressing positive perceptions.

Based on the provided response options for Question 17, "How well does the Balanced Scorecard help your business to improve collaboration and teamwork among employees?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.2%
- 3: 3.2%
- 5: 6.5%
- 6: 6.5%
- 7: 19.4%
- 8: 19.4%
- 9: 25.8%
- 10: 16.1%



Source: Self-compiled

Diagram 6.4.15

Question 17, "How well does the Balanced Scorecard help your business to improve collaboration and teamwork among employees?"

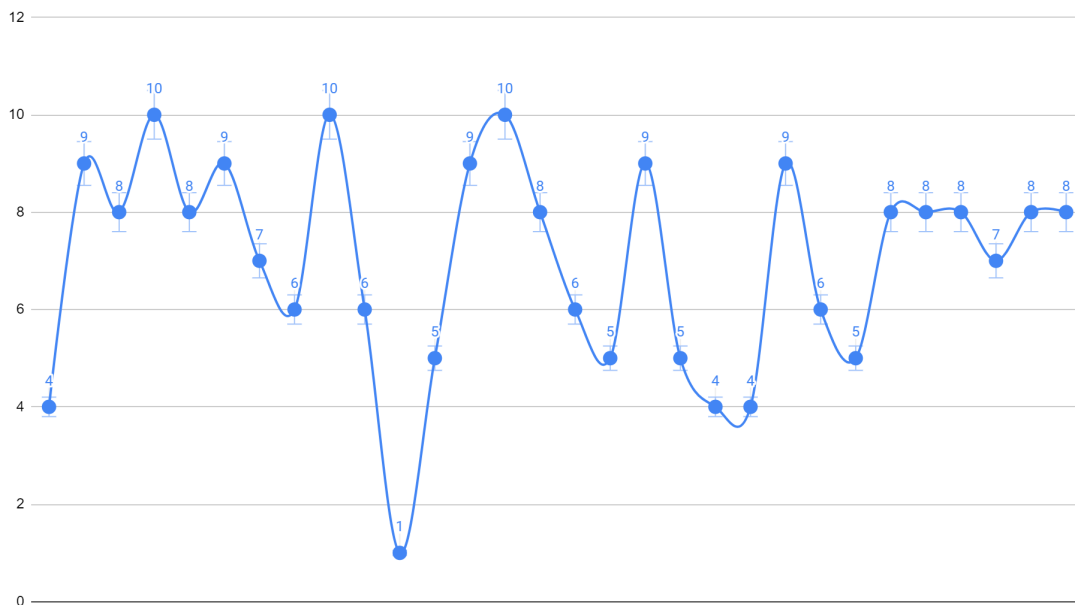
1. Moderate to high ratings: The majority of respondents provided ratings above 5, indicating that they believe the Balanced Scorecard (BSC) helps their business to some extent in improving collaboration and teamwork among employees.
2. Mixed ratings in the middle range: A significant percentage of respondents provided ratings in the range of 5 to 7, suggesting a mixed perception of the BSC's effectiveness in enhancing collaboration and teamwork.
3. Higher ratings for collaboration and teamwork: A notable proportion of respondents provided ratings of 8 (19.4%), 9 (25.8%), and 10 (16.1%). This suggests that a considerable portion of the surveyed companies see the BSC as a tool that positively impacts employee collaboration and teamwork.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in improving collaboration and teamwork within the surveyed companies. The results indicate that a significant portion of companies view the BSC as a valuable tool for fostering collaboration and teamwork, with a notable proportion providing high ratings.

Understanding the perceived effectiveness of the BSC in enhancing collaboration and teamwork helps evaluate its role in promoting a collaborative work environment and achieving synergistic efforts among employees. It highlights the potential benefits and impact of using the BSC framework to align individual and team efforts toward shared objectives. The rating distribution indicates varying degrees of confidence in the BSC's effectiveness, with a significant portion expressing positive perceptions.

Based on the provided response options for Question 18, "How well does the Balanced Scorecard help your business to anticipate and adapt to changes in the market or industry?" with a scale from 1 to 10, the breakdown of the responses is as follows:

- 1: 3.3%
- 4: 10%
- 5: 13.3%
- 6: 13.3%
- 7: 6.7%
- 8: 26.7%
- 9: 16.7%
- 10: 10%



Source: Self-compiled

Diagram 6.4.16

Question 18, "How well does the Balanced Scorecard help your business to anticipate and adapt to changes in the market or industry?"

1. Mixed ratings: The responses are spread across the scale, indicating a varied perception of the Balanced Scorecard's (BSC) effectiveness in helping businesses anticipate and adapt to changes in the market or industry.
2. Moderate to high ratings: A significant portion of respondents provided ratings in the range of 5 to 9, suggesting that the BSC has some degree of impact in enabling businesses to anticipate and adapt to market or industry changes.
3. Higher ratings for adaptability: Ratings of 8 (26.7%) and 9 (16.7%) indicate that a notable proportion of respondents perceive the BSC as beneficial in facilitating adaptability to market or industry changes.

Analysing the distribution of responses provides insights into the perceived effectiveness of the Balanced Scorecard (BSC) in anticipating and adapting to changes in the market or industry within the surveyed companies. The results suggest that the BSC plays a role in aiding businesses to some extent in responding to market dynamics. However, the ratings indicate varying degrees of confidence in its effectiveness.

Understanding the perceived effectiveness of the BSC in anticipating and adapting to market or industry changes helps evaluate its role in strategic agility and resilience. It highlights the potential benefits and impact of using the BSC framework to monitor market trends and proactively adjust strategies. The rating distribution indicates varying degrees of confidence in the BSC's effectiveness, with mixed perceptions among the respondents.

CHAPTER VII. Conclusion

7.1 Summary of Benefits and Challenges

In today's competitive business landscape, organisations strive to achieve superior performance, align their strategies with objectives, and make data-driven decisions. To address these needs, the Balanced Scorecard has emerged as a valuable strategic management tool. This essay explores the benefits and challenges associated with the Balanced Scorecard, shedding light on how it enhances organisational performance and overcomes potential implementation hurdles.

7.1.1 Benefits of the Balanced Scorecard

Improved Performance:

One of the primary benefits of the Balanced Scorecard is its ability to improve organisational performance. By providing a holistic view of key performance indicators (KPIs) across different perspectives such as financial, customer, internal processes, and learning and growth, it enables organisations to identify areas for improvement and take targeted actions. This comprehensive approach ensures that all aspects of performance are considered, leading to overall performance enhancement.

Strategic Alignment:

The Balanced Scorecard facilitates strategic alignment by linking organisational strategies with measurable objectives. It ensures that strategic goals are cascaded throughout the organisation, enabling every employee to understand their role in achieving the broader objectives. By aligning individual goals with the organisational strategy, the Balanced Scorecard promotes a unified and focused approach, leading to increased efficiency and effectiveness.

Measurement of Results:

Effective measurement of results is critical for organisations to track their progress, evaluate performance, and make informed decisions. The Balanced Scorecard provides a structured framework for measuring results across various dimensions. By defining specific metrics and targets, organisations can objectively assess their performance and gain insights

into areas requiring attention. This data-driven approach enhances transparency, accountability, and the ability to monitor progress towards strategic goals.

Enhanced Decision-making:

Informed decision-making is a cornerstone of organisational success. The Balanced Scorecard equips decision-makers with comprehensive information, enabling them to make data-driven choices. By presenting a balanced view of both financial and non-financial performance measures, it allows decision-makers to consider a wide range of factors and their interdependencies. This holistic perspective helps organisations avoid making decisions solely based on short-term financial outcomes and encourages a long-term and balanced approach.

Clarity and Focus:

The Balanced Scorecard promotes clarity and focus by incorporating Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals. Setting SMART goals ensures that objectives are well-defined, quantifiable, and aligned with strategic priorities. This clarity helps employees understand what needs to be achieved and provides a sense of purpose, driving motivation and engagement. Moreover, the focus on relevant metrics helps eliminate unnecessary activities and encourages the allocation of resources towards areas that contribute most to organisational success.

7.1.2 Challenges of the Balanced Scorecard

Selecting Appropriate Measures:

One of the challenges organisations face when implementing the Balanced Scorecard is selecting the most appropriate measures to reflect their performance accurately. With numerous potential metrics available, organisations must carefully choose those that align with their strategy, are meaningful, and provide actionable insights. This requires a deep understanding of the organisation's goals, processes, and industry dynamics.

Maintaining Focus:

As organisations adopt the Balanced Scorecard, there is a risk of losing focus on key performance indicators. The multitude of metrics can lead to information overload and dilute attention on critical areas. Organisations must ensure that they maintain focus on the most relevant and impactful measures. Regular reviews and refinements of the Balanced Scorecard help in recalibrating priorities and removing unnecessary metrics, ensuring sustained focus on key drivers of success.

Over-reliance on Metrics:

While metrics play a vital role in performance evaluation, organisations must guard against over-reliance on quantitative measures at the expense of qualitative factors. The Balanced Scorecard should be viewed as a tool that complements subjective judgement and qualitative insights. Organisations must strike a balance between objective data and contextual understanding to avoid overlooking critical aspects that cannot be captured by metrics alone.

Implementation Complexity:

Implementing the Balanced Scorecard across an organisation can be a complex endeavour. It requires careful planning, coordination, and engagement from all levels. Organisations must develop a clear implementation roadmap, allocate appropriate resources, and ensure effective communication and training. Additionally, organisational culture may need to undergo changes to embrace the Balanced Scorecard approach, which can be met with resistance. Successful implementation demands leadership commitment, effective change management strategies, and ongoing monitoring and evaluation.

Organisational Resistance:

Resistance to change is a common challenge when introducing the Balanced Scorecard. Employees and stakeholders may be accustomed to existing performance measurement systems or may perceive the Balanced Scorecard as additional administrative burden. To overcome resistance, organisations must effectively communicate the benefits and rationale behind the Balanced Scorecard. Involving employees in the design and implementation process, providing training and support, and showcasing success stories can help foster buy-in and create a positive organisational culture that embraces the Balanced Scorecard.

Conclusion:

The Balanced Scorecard offers numerous benefits that enhance organisational performance, strategic alignment, measurement of results, decision-making, and clarity of goals. However, organisations must address the challenges of selecting appropriate measures, maintaining focus, avoiding over-reliance on metrics, handling implementation complexity, and overcoming resistance. By recognising and proactively mitigating these challenges, organisations can fully leverage the benefits of the Balanced Scorecard and drive sustainable success.

Implementing the Balanced Scorecard requires a thoughtful and well-executed approach. Organisations must invest time and effort in crafting a customised Balanced Scorecard that aligns with their strategy, engages employees, and fosters a culture of continuous improvement. Regular review and refinement are essential to ensure the Balanced Scorecard remains relevant and responsive to changing circumstances.

Ultimately, the Balanced Scorecard serves as a powerful tool that provides organisations with a comprehensive framework for measuring, monitoring, and managing their performance. By leveraging its benefits and addressing its challenges, organisations can make informed decisions, adapt to evolving market dynamics, and achieve their strategic objectives in an increasingly competitive business environment.

7.2 Final Considerations

The Balanced Scorecard has emerged as a prominent strategic management tool aimed at providing organisations with a holistic view of their performance. This essay delves into the benefits and challenges of implementing the Balanced Scorecard, exploring its history, components, and practical implications. By adopting the Balanced Scorecard, organisations can improve performance, align strategies, and effectively measure results. However, challenges such as selecting appropriate measures and maintaining focus must be addressed to optimise its benefits.

The Balanced Scorecard is a strategic management framework that measures organisational performance across four essential perspectives: financial, customer, internal processes, and learning and growth. It provides a balanced view of the organisation's activities, enabling a comprehensive performance assessment beyond financial metrics alone. The framework emphasises the importance of setting Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals to ensure clarity and focus.

Understanding the historical evolution of the Balanced Scorecard provides valuable insights into its development and refinement over time. The concept traces its origins to the work of French engineers in the 1930s. However, it gained widespread recognition through the contributions of General Electric and management gurus such as Peter Drucker and Robert Kaplan. Notably, Dr. Nolan Norton and Kaplan's work in the 1990s transformed the Balanced Scorecard into a powerful management tool.

Implementing the Balanced Scorecard offers numerous benefits to organisations. Firstly, it enhances performance by providing a comprehensive view of key performance indicators across multiple dimensions. By measuring financial, customer, internal processes, and learning and growth perspectives, organisations can better understand their strengths and areas for improvement. Secondly, the Balanced Scorecard facilitates strategic alignment by ensuring that actions and resources are aligned with organisational goals. It encourages focusing on the long-term objectives while considering various stakeholders' needs. Additionally, the Balanced Scorecard enables effective measurement of results, allowing organisations to track progress and make informed decisions based on reliable data. This data-driven approach enhances decision-making at all levels and supports the identification of areas that require corrective actions.

While the Balanced Scorecard offers significant benefits, it has challenges. Selecting appropriate measures that accurately reflect organisational performance can be a complex task. Organisations must carefully determine relevant metrics that align with their strategic goals and industry dynamics. Additionally, maintaining focus can be challenging as organisations risk becoming overwhelmed by many metrics. Balancing the need for comprehensive measurement with the importance of simplicity and clarity is crucial. Over-reliance on metrics is another challenge that organisations should be aware of. Focusing solely on quantitative data may overlook qualitative aspects of performance, such as customer satisfaction or employee engagement. Implementing the Balanced Scorecard also poses its challenges, including the complexity of planning, coordination, and engaging employees across the organisation. Furthermore, organisations may need more support to change from employees and stakeholders, necessitating effective change management strategies.

Organisations should follow a structured approach to the challenges associated with implementing the Balanced Scorecard. This includes establishing a clear implementation plan, assigning responsibilities, and ensuring buy-in from key stakeholders. The alignment of the Balanced Scorecard with organisational goals and values is essential for success. Furthermore, setting realistic targets and establishing a performance management system that fosters continuous improvement is crucial. Effective communication and training initiatives can help employees understand the purpose and benefits of the Balanced Scorecard, reducing resistance and promoting engagement.

The Balanced Scorecard is an organisation's powerful strategic management tool for organisations. By adopting this framework, organisations can improve their performance, align strategies, and effectively measure results. However, challenges such as selecting appropriate measures and maintaining focus must be addressed to optimise its benefits. The Balanced Scorecard offers a balanced and comprehensive view of organisational performance, enabling informed decision-making and supporting achieving long-term objectives. By following a structured implementation approach and effectively managing change, organisations can leverage the potential of the Balanced Scorecard to drive success in today's dynamic business landscape.

In conclusion, this diplomatic thesis has explored the concept of the Balanced Scorecard and its implications for organisations. The thesis began by defining the Balanced Scorecard and providing an overview of its components, emphasising the importance of setting SMART goals. The historical development of the Balanced Scorecard was then examined, tracing its origins from the work of French engineers in the 1930s to the revolutionary contributions of Dr. Nolan Norton and Robert Kaplan in the 1990s.

The thesis highlighted the benefits of implementing the Balanced Scorecard, such as improving performance, facilitating strategic alignment, and measuring results. It also acknowledged the challenges organisations may face during implementation, including selecting appropriate measures, maintaining focus, and avoiding over-reliance on metrics.

Furthermore, the thesis provided practical insights into implementing the Balanced Scorecard, offering a framework for organisations to establish the approach effectively. It outlined key responsibilities and strategies for setting realistic targets aligned with organisational goals, including the questionnaire section in the thesis allowed for gathering real-world perspectives on implementing the Balanced Scorecard. This added a valuable dimension to the research, providing insights into the experiences and perceptions of practitioners concerning the Balanced Scorecard.

Overall, this thesis contributes to understanding the Balanced Scorecard as a strategic management tool. It offers theoretical insights, practical guidance, and real-world perspectives that can aid organisations in adopting and implementing the Balanced Scorecard effectively.

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