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Balanced Scorecard as an issue taught in the field of Industrial Engineering

Jaroslava Kádárová^a *, Michaela Durkáčová^a, Lenka Kalafusová^a

^a *Technical University of Košice, Faculty of Mechanical Engineering, Department of Industrial Engineering and Management, Letná 9, 042 00 Košice, Slovakia*

Abstract

In recent years academic scholars have given increasing attention to the importance of strategic measurement systems including both non-financial and financial measures and have focused attention on the method called Balanced Scorecard. Through the Balanced Scorecard, an organization monitors both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems - its ability to learn and improve.

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1. Introduction

The current environment of globalization and economic turbulence has increased the challenges executives face and, therefore, the need to find the right tools to meet these challenges. Managers need a rational system for selecting, implementing and integrating the tools appropriate for their companies. This article focused on the development of Balanced Scorecard, as a one of the 25 the most popular tools and techniques, on the abundance of literature devoted to the issue of Balanced Scorecard and the various researches realized in this field.

2. Balanced Scorecard as a management tool

*Corresponding Author: Jaroslava Kádárová. Tel.: +421-55-602-3242
E-mail address: jaroslava.kadarova@tuke.sk

The Balanced Scorecard (BSC) is a conceptual framework for translating an organization's strategic objectives into a set of performance indicators distributed among four perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth. Some indicators are maintained to measure an organization's progress toward achieving its vision; other indicators are maintained to measure the long term drivers of success.

2.1. Balanced Scorecard generations

It is over twenty years since Norton & Kaplan published their first article about the balanced scorecard in 1992. Since then, the Balanced Scorecard as a tool, approach and philosophy, has changed almost beyond recognition. It has developed from early simplistic measures control system, through to an approach that has supported strategy execution and the management of performance over the last years. The stages of thinking about strategy and performance, called generations (Fig. 1), have different approaches and benefits.

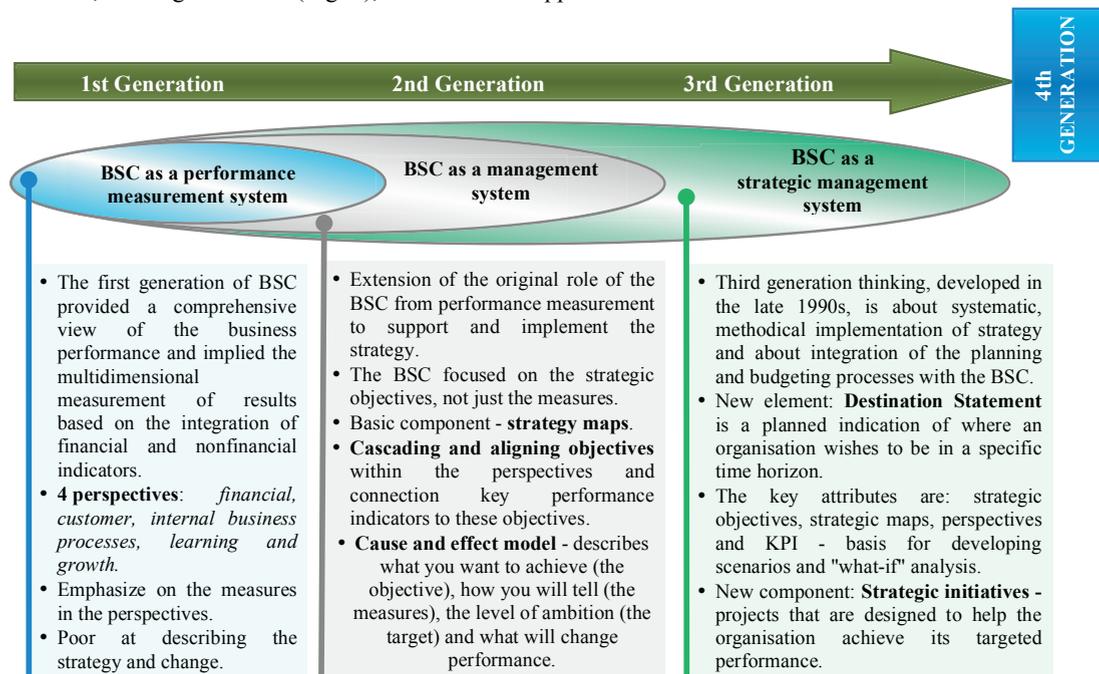


Fig. 1. Development of Balanced Scorecard, Source: Gavurová, B. (2010), Karabašová, Ľ. (2010)

Fourth generation BSC: (1) starts with model of learning about the strategy as it is implemented, assume that the environment is uncertain, contains risks and assumptions, (2) supports strategy and decision making during uncertainty and change, (3) includes an external perspective, which incorporate social and environmental impact without destroying the cause and effect model across the original balanced scorecards perspectives, because recognize that these are a consequence of the organization's activities and behavior. Environmental impact is added as an external perspective alongside the financial perspective. Social impact can be added above the customer perspective. This represents the wider impact on society or the community than is represented by the customer perspective, (4) uses External Predicting Indicators (EPIs), which are derived from the Tangible future and Strategy map. The EPIs ensure that managers are plugged into the environment in which their strategy is being executed so that when they are reviewing the strategy with their strategy map, they are also conscious of the potential of their environment to change.

Philosophy of fourth generation BSC is currently very little widespread. The evidence is the survey realized by 2GC Active Management - Strategic management consultancy with particular experience in implementing the BSC. It has collected data on BSC usage through a survey of organisations with BSC every year since 2009. The survey

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