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Balance Scorecard and Performance Measurement in a Greek Industry

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Abstract

The aim of this paper is to deal with the analysis of the concept of Balance Scorecard and performance measurement in a Tourism company using the case study method. This paper analyze the theoretical and practical approach of strategic Balance scorecard tool, analyzing the advantages and disadvantages, areas that can be applied and the procedures followed in hierarchical order when applied to an industry. The conclusion is that the Balance Scorecard method (BSC) can be applied as a performance measurement to an industry in Greece.

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1. Literature Review

The Balance Scorecard method was introduced by Kaplan and Norton(1992, 1996), it has been successfully implemented into a wide range of areas such as manufacturing companies, government units, nonprofit companies, service organizations and other industries around the world (Said, et.al., 2003.,Banker, et.al.,

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2004; Zopiatis, 2010). Many researchers as Lipe & Salterio, (2000), in their study provides evidence that despite the Balance Scorecard (BSC) focus on unique, non-financial, division-specific performance measures, individuals still evaluate performance based on common, financial measures. Moreover, many researchers argue that the Balanced Scorecard is a major performance measurement system for many industries because provides a broad performance measurement of both financial and non-financial perspectives (Yap, *et.al.* 2005; Papalexandris, *et. al* 2005; Braam & Nijssen, 2004). Furthermore, Frigo & Krumwiede, (2000) said that Balance Scorecard method has experienced an increase in popularity as a performance measurement system for translating an organization's mission into goals, aligning individual and organizational goals, actions and performance measures, and measuring processes related to goal achievement. In addition the balanced scorecard (BSC) is one of the most highly rated management tools today (Atkinson and Epstein 2000; Frigo and Krumwiede 2000;).

Andra, G. and Robert N.(2006) said that Balance Scorecard (BSC) can help organizations achieve better results when compared to traditional performance measurement system. Many researchers (Fletcher & Smith, 2004; Rickards, 2007) have criticized the limitations of Balance Scorecard (BSC), such as BSC applies a large number of variables that create complex optimization problems. Moreover, Banker, Potter, & Srinivasan, (2000) said that the Balance Scorecard (BSC) does not provide a common scale of measurement, and it lacks a standardized baseline or benchmark to compare performance. Furthermore, Rickards, (2007) said that the Balance Scorecard (BSC) does not have a mathematical model or a weighting scheme. In addition, Banker et al., (2004); Neves & Lourenco, (2008) argues that the BSC does not have a comprehensive index to review the interaction between measures of performance.

In addition several studies as Chen & Chen, (2007); Eilat, Golany, & Shtub, (2008); Najafi, Aryanegad, Lotfi, & Ebnerasould, (2009); Rickards, (2007) have been conducted to solve these limitations of BSC, and researchers have found that data envelopment analysis (DEA) can complement the complexities of BSC.

2.Research Method

The research approach adopted case study involving a business company in Greece. A case study is an empirical inquiry that investigates a contemporary phenomenon within a real-life context where the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used (Yin, 1994). Yin (1994) argues that case study research represents the intersection of theory, structures and events.

In qualitative methods, including case research, coding represents another tool to support researchers during early analysis. Codes are especially useful tools for data reduction purposes and having a coding scheme in an appendix helps to facilitate a replication or an extension to a given study and allows the reader to see the logical link between the theoretical model and the codes.

In this way will be studied and evaluated the effectiveness of the performance measurement balanced card as well as the possible defects. Saunders et al. (2007), sets the case study as an "empirical research" that focuses on a specific incident of "real-life" framework for an organization.

The approach selected for this study is a descriptive case study, in order to determine whether or not existing theory maintained or extended (Saunders et al., 2007). In addition, as reported by the Collis and Hussey (2003), a case study helps the researcher to gain a clearer picture of the dynamics within a single environment. Finally, using a case study, the researcher can gather critical information to formulate a detailed "analysis of success factors" in evaluating and improving .

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