The Balanced Scorecard as a Performance Measurement Tool in Terms of Strategic Management

Mustafa İyibildiren  
Selçuk University  
Turkey  
iyibildiren@selcuk.edu.tr

Kemal Nalçın  
Selçuk University  
Turkey  
kemalnalcin@selcuk.edu.tr

Abstract: An efficient performance appraisal system has great importance for the enterprises challenging in complex environments to achieve success. Performance indicators are used to evaluate, control and develop the processes for the enterprises to achieve their aims and objectives. Additionally, performance indicators are also used to compare the performances of the enterprises, factories, departments, teams and individuals. For appraising performance of the enterprises, financial indicators focused conventional performance appraisal techniques, have been commonly used. However, the performance appraisals dealing with only financial indicators are not considered adequate to evaluate the performance of enterprises, currently. Recognizing the weak points of the financial indicator focused performance appraisals, researchers have started to study multi-dimensional performance approaches. In this regard, it will be an appropriate solution to take, not only financial dimension but also other dimensions, into consideration, when the aim is to design a performance appraisal system for enterprises.

The balanced scorecard, which is one of the multi-dimensional appraisal techniques, to evaluate organizational performance, is a strategic planning and management system that translates an organization’s mission and strategy into a balanced set of integrated performance measures. A broad range of performance measures and business goals can be incorporated in the scorecard. The balanced scorecard is used extensively in business, industry, government, and nonprofit organizations worldwide, to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance in terms of strategic goals.

In this study, the concept of performance will be explained, balanced scorecard method, which is one of the multi-dimensional performance measurement methods, will be discussed in detail. Finally, the application of balanced scorecard analysis will be realized in a medium-sized industrial enterprise.

Keywords: Strategic management, performance measurement, balanced scorecard.