

The Use of the Balanced Scorecard in Small and Medium Size Enterprises

Abstract

The Balanced Scorecard is a popular strategic performance measurement and management system adopted by thousands of companies since its introduction in 1992 (Kaplan 2010). Surveys have found it one of the top management tools used (Rigby 2013). The use of a Balanced Scorecard allows organizations to integrate non-financial measures into its performance measurement to "balance" the financial measures that may not capture key aspects of performance. Perspectives on customers, internal business process, human capital, information capital, and organizational capital provide opportunities to focus on key performance indicators, particularly the management of intangible assets.

Much has been written about the uses and benefits of the Balanced Scorecard in large organizations where the communication of strategy and collection of key performance indicators enhance the ability to coordinate and control (Andersen, Cobbold, and Lawrie 2001). Less has been written about the use of the BSC in smaller organizations where the value provided may be significantly different. Recent studies have found a lack of awareness of the Balanced Scorecard among SMEs (Machado 2013; Giannopoulos et al 2013). This paper reviews the literature and provides a framework to assess the benefits and barriers to the use of the balanced scorecard in SMEs.