



## 20 years of studies on the balanced scorecard: Trends, accomplishments, gaps and opportunities for future research



Zahirul Hoque\*

Department of Accounting, La Trobe Business School and Centre for Public Sector Governance, Accountability and Performance, Faculty of Business, Economics and Law, La Trobe University, Melbourne, Victoria 3086, Australia

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Robert Kaplan and David Norton introduced the Balanced Scorecard in their 1992 *Harvard Business Review* article. 2012 marks 20 years since that article. This anniversary has motivated me to review the state of research on the balanced scorecard, to highlight gaps in that research and to outline some ideas for further research. To this end, I reviewed 114 articles published in 25 accounting journals and 67 articles in business and management journals in the period 1992–2011. The findings of this literature review are presented in three parts. First, the reviewed articles are categorised by topics, research settings, theories, research method, and primary data analysis techniques. Second, the contributions of research to the field and the lessons learned from these studies are discussed. Third, knowledge gaps in existing balanced scorecard research are identified, leading to consideration of several ideas for future research. The last section offers my final remarks.

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### 1. Introduction

2012 marks 20 years since the first publication of the balanced scorecard article by Robert Kaplan and David Norton in the January–February issue of *Harvard Business Review*. After a year's research activity inside 12 companies, Kaplan and Norton (1992) disseminated their findings through a performance measurement framework which they developed and called the *Balanced Scorecard*. Kaplan and Norton's original version of the balanced scorecard expanded on mere financial performance measures and incorporated operational performance measures categorised by three perspectives: customer satisfaction, internal business processes, and innovation and learning. Following that article, and examining more than 300 organisations, Kaplan and Norton produced a series of articles (Kaplan, 2009; Kaplan & Norton, 1993, 1996a, 1996b, 2000, 2001a, 2001b, 2004a, 2006a, 2008a) and several books (Kaplan & Norton, 1996c, 2001c, 2004b, 2006b, 2008b) to advance the knowledge base of the balanced scorecard. About 15 years ago, in a review essay, Atkinson, Balakrishnan, Booth, Cote, Grout, Mali, Roberts, Ulan, & Wu noted that “the balanced scorecard is among the most significant developments in management accounting and thus, deserves intense research attention” (1997, p. 94). In its 20 years of existence the balanced scorecard has generated enormous interest in academic and industrial communities (Barnabe & Busco, 2012; Kraus & Lind, 2010; Malina, Norreklit, & Selto, 2007; Norreklit, Norreklit, Mitchell, & Bjomenak, 2012; Salterio, 2012).

The 20th anniversary of the balanced scorecard provides the opportunity to explore the status of related research from 1992 to 2011. Several notable prior reviews<sup>1</sup> of the management accounting research (e.g., Chenhall, 2003, 2009; Chenhall & Smith,

\* Tel.: +61 3 9479 3433; fax: +61 3 9479 3047.

E-mail address: [z.hoque@latrobe.edu.au](mailto:z.hoque@latrobe.edu.au).

<sup>1</sup> This list is illustrative, not exhaustive.

2011; Hesford, Lee, der Stede, & Young, 2009; Langfield-Smith, 2008; Merchant & Otley, 2007; Selto & Widener, 2004; Shields, 1997; Wagenhofer, 2006) have provided useful insights into the role of management accounting and performance measurement systems in organisations, yet these reviews have not taken the balanced scorecard as their primary focus. My aim here is to expand upon these previous reviews and to contribute to the performance management research literature in the following way. First, I tabulate, review, and synthesise studies related to the balanced scorecard published in accounting, business and management journals. Using this summative account of published research, I discuss how prior balanced scorecard studies have contributed to the field. Next, I identify gaps in published research, which suggest some opportunities for future research. In the final section, I offer my conclusion. My review in this article will provide future balanced scorecard researchers with much food for thought, leading to a “new” knowledge base for the balanced scorecard research field.

## 2. Review approach

In this review, I used 25 highly ranked<sup>2</sup> accounting journals and 46 highly ranked business and management journals (see [Appendices A and B](#)). I also utilised the Google search engine to locate additional publications on the balanced scorecard. I browsed those publications, determined their relevance and then further downloaded the relevant ones. To be more up to date, I also searched for recent articles published during 2012. From the outset, the focus of my review was on publications that explicitly concentrated on the balanced scorecard. The search began using the terms “Balanced Scorecard”, “Balanced Business Scorecard”, “Scorecard”, “BSC”, and was based on articles published by an individual journal and available on its web homepage. The initial results revealed several articles without direct connection to the precise review requirements, as it picked up all articles that contained the words “balanced”, “business”, or “scorecard”. Therefore another round of searching was carried out on these articles using the same terms in the search bar in the PDF version of the individual article, and then physically examining them to determine the extent to which they carried insights and experiences related to the balanced scorecard.

Following the framework of [Shields \(1997\)](#) which was also used by [Chenhall and Smith \(2011\)](#) and [Hesford et al. \(2009\)](#), the published articles were classified by (a) topics, (b) research settings, (c) research theories, (d) research methods, and (e) primary data analysis techniques. I used percentages relating to all these five categories. I then reviewed the selected articles presented in [Appendices C and D](#) to illustrate the state of knowledge on the balanced scorecard. Based on this exercise, I identified several central themes, namely theory and research methods; economic benefits and performance improvement; decision-making usefulness; strategic communication; role of consultants; gaining external legitimacy; strategic alignment; and causal-chain focus and pitfalls of the balanced scorecard. These themes are not exhaustive. For example, there is little on organisations’ actual use of the balanced scorecard, how they use it, and what they think of it. Nevertheless, I believe this review identifies important issues pertinent to those interested in balanced scorecard practice, will help detect gaps in the knowledge base surrounding the balanced scorecard, and will recommend some new directions for future research. [Fig. 1](#) presents the review approach used.

Before presenting my review findings, I briefly outline the conceptual foundations of the balanced scorecard developed by Kaplan and Norton since its introduction in the literature.

## 3. Conceptual foundations of the balanced scorecard

In the late 1980s, many scholars expressed concern about traditional performance measures that focused solely on financial metrics ([Johnson & Kaplan, 1987](#); [Kaplan & Norton, 1992](#); [Lynch & Cross, 1991](#)). Scholars prior to Kaplan and Norton (e.g., [Berliner & Brimson, 1988](#); [Bromwich & Bhimani, 1989](#); [Johnson, 1988](#); [McNair, Lynch, & Cross, 1990](#)) criticised such measures for encouraging managers to focus on short-term financial results while sacrificing long-term prospects. These and other scholars (such as [Lynch & Cross, 1991](#); [Merchant, 1985](#)) promoted the idea that in addition to financial measures of performance, non-financial measures such as on-time deliveries, process cost reduction, quality, cycle time, and product complexity would benefit organisations in the longer term (for good coverage of these ideas, see [Chenhall & Langfield-Smith, 2007](#)). The idea of linking measures to strategy is also not unique to the balanced scorecard. [McNair et al. \(1990\)](#) introduced a performance pyramid in which the vision of the “balance” was incorporated into the financial and non-financial measures of performance. [Grady \(1991\)](#) also stated that the strategic objective of a company ought to be broken down into critical success factors and critical actions. Furthermore, the French are known to have used a rather similar system called *Tableaux du Bord*<sup>3</sup> for decades (for details, see [Epstein & Manzoni, 1998](#); [Lebas, 1994, 1996](#)).

<sup>2</sup> As in other reviews ([Chenhall & Smith, 2011](#); [Shields, 1997](#)), I applied some subjective criteria in my selection of journals for review. I used three journal rankings lists: a) the 2010 Australian Business Deans Council (ABDC), b) the 2010 Excellence in Research for Australia (ERA) of the Australian Research Council (ARC), and c) the 2010 Association of Business Schools (ABS) in the UK. The ABDC and ERA lists rank “Best or leading journals in its field” as “A” and “Highly regarded journal in the field or sub-field” as “A”. In the ABS list, a world elite journal is denoted by “4\*”, a top journal is denoted by “4”, a highly regarded journal by “3” and a well-regarded journal by “2”. Restricting the sample to articles published in highly ranked journals was based on [Shields’ \(1997\)](#) argument for “sample homogeneity.” These selected journals provided homogeneity because of their similarity in editorial scope, styles, policies, and the composition of the editorial board.

<sup>3</sup> *Tableau du bord* means dashboard, which allows managers to operate the system or systems under their control ([Lebas, 1996](#), cited in [Atkinson et al., 1997](#), p. 93).

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