

## Balanced Scorecard

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The Balanced Scorecard is a holistic means to assess the performance of an organisation. The origins of the Balanced Scorecard stem from attempts to move away from dominant short-term, financial, and shareholder centric performance metrics. Devised by Kaplan and Norton (1992), the Balanced Scorecard directs attention to four aspects of performance, namely the customer perspective, internal process improvement, learning and growth as well as financial performance. As the name suggests, the objective of the Balanced Scorecard is to provide a more rounded assessment of implementation, including more intangible aspects of strategy and HR.

The Balanced Scorecard has proved a popular managerial tool which has widely diffused into practice as organisations experimented with more multi-faceted performance measures. With a focus on retrospective and forward-looking measures, coupled with attention to multiple interests, the systematic logic of the Balanced Scorecard is a precursor to more stakeholder focused strategy. The Scorecard logic was picked up by practitioner focused HR researchers who sought to map out HR equivalents where the Balanced Scorecard lacked them e.g. the HR Scorecard (Becker, Huselid & Ulrich, 2001). Originally devised as a tool for measurement and assessment of the implementation of a given strategy, the Balanced Scorecard evolved overtime to more broadly encompass the basis and mapping of what you have to do throughout the organisation to make strategy work (Kaplan and Norton, 1996). In this vein, Walker and MacDonald (2001) demonstrated how Verizon used Balanced Scorecard informed understanding to map HR activities and contributions to strategic, operations, customers, finance performance outcomes. Research applying the Balanced Scorecard is surprisingly rare in HR. As a field in its nascent stage, it would seem HR researchers and practitioners were consumed with demonstrating the type of financial and shareholder return that the likes of Kaplan and Norton were attempting to move away from.

Despite its prominence, the Balanced Scorecard has not been free of criticism. As hinted at above, HRM and employees are somewhat implied in the framework. Some also question the causal logic and theoretical underpinning in bringing together diverse perspectives. It is certainly the case that the Balanced Scorecard is founded on a managerial concept of performance which privileges economic return with little concern for social fairness, the institutional context or direct incorporation of employee voice. The focus is on rational, top down implementation assuming goal congruence of a unified and unitarist organisation (Horreklit, 2000). While the Balanced Scorecard has been amended for various contexts such as the public sector and not-for profits to stress mission and values, recent trends highlight the need for more environment, social and governance (ESG) related concerns, including relationships with suppliers and adherence to ethical standards. Recent research has proposed an alternative HR Balanced Scorecard bringing together managerial and employee sentiment as a novel 'HR research measurement and evaluation device' (Kaufman, Barry, Wilkinson & Gomez, 2021). This offers some promise in re-invigorating the concept to offer a multifaceted

and comparative understanding of performance, and thereby a more realistic assessment of HR practice in contributing to same.

#### **Reference list and selected further readings**

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#### **Suggested cross-references**

Performance; measurement; competitive advantage; strategy; implementation

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