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The Study of Balance Score Card

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Abstract

Balanced Scorecard concept is used for the Performance Management System by organizations. Around 75% organizations of the world are applying the Balanced Scorecard tool for the improvement in their Organizational Performance. However, in the past many tools recommended tend to accentuate only one of the values that an organization has to realize, that the Balanced Scorecard recommend what is extremely vital for an organization to achieve balance between these values for the improvement of corporate value.

This thesis summarizing the analysis of major studies conducted on balance score card from 1992 to 2021 and the statistical analysis of BSC research papers along with the practical application of the role of balance score card in solving issue faced by management of KIRIN BREWERY a Japanese company. During the period when BSC was introduced to KIRIN BREWERY, KIRIN recognized that they need to change their strategies in order to overcome the downturn and to challenge emerging new competitors, generally when an organization agrees to change their strategies intensely, it wants to reintroduce or improve how they can develop those strategies to cope with new entrants. Even if the company formulates an admirable strategy, it may not produce the likely results without the proper implementation of the strategy. In realism, the company always wants not only new methods of developing strategy but also new ways of implementing the strategy.

As the concept of Balance Scorecard adoption is increased among the organizations, after the adoption of BSC most of them found not only a great attraction for the concepts of BSC, but there are also a chance that BSC would bring developments with relatively less conflict within the organization.

As a result of my thesis research including an examination of KIRIN BREWERY case study. I found that most of the research have been done mostly on the use of Balance scorecard for the improvement of organizational performance and to identify the key performance indicators and for the case of the application of the BSC at KIRIN, I concluded the reason why BSC was introduced to KIRIN is that to enhance the strategic mindset in employees thereby, resolving management issue.

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Chapter 1

History Of Balance Scorecard

1.1. Introduction

In the opening chapter I will go through a background study of the balance scorecard and relevant subjects that will be relevant throughout the rest of the research. The chapter will end up in articulating a research problem and defining what the overall purpose of the study.

1.1.1 Background

In the past the marketplace has experienced major alterations. The market competition has grown and in general market has shifted from the industrial era to concentrate on the employees and acquiring a greater understanding of the customers. Strategies are aimed for only financial goals is no longer sufficient. Many have been seen that distinctive value must be offered and it is often based on service, knowledge, and innovation. Competitive advantages are of a greater extent found in differentiation, innovation and value creation where the key source is talent, knowledge and competence within the organization. Additionally, the market these days is more changeable then it has been in the past predictably means that companies have to adjust their strategic focus according to those changes.

1.1.2 Strategy is gaining attention

The concept strategy does not have a very old history in the business context and was originally introduced as the ability to use the resources of the company to achieve company vision. "Strategy is often seen as an interlinked pattern of behaviors; it can be seen as a question of *how* to go about and is usually closely related to goals and visions (Bengtsson & Skärvad, 2001, p. 11)".

Many business scholars believe that a greater emphasis should be placed on strategy, strategic management, and strategic change. " *It is becoming more critical to organizations' long-term success to excel at strategy execution*" (Franken et al., 2009, p. 49). According to my point of you, and according to many other researchers' the interest in the employees and activities building the company, rather than just seeing the financial results, has grown because of more increasing competition on the market . For this reason a need to manage the company differently with a strategic focus on several operational and "soft" opinion plus the "hard" financial opinion. Through the year different concepts and tools have been established over the years

reflecting those changes in strategic focus. Such innovative concepts are Intellectual Capital, The Balanced Scorecard, Accounting, Human Resource and the Activity Based Costing etc. the thing which is common among those recent developments is “they consider more than just financial ratios and often includes focus on the staff, customers and skills”

Robert Kaplan and David Norton acknowledged this need and to fulfill this need they developed the Balanced Scorecard. In the beginning BSC became more popular in the Nordic countries in the end of the 1990’s and after that it most widely adopted concept.

1.2. The Essence of Balanced Scorecard

Balanced scorecard is a concept for executing strategy in the enterprise that entails transforming the organization’s mission, the vision and the strategy of the organization into measurable and quantifiable objectives (Pierścionek, 2011). The balanced scorecard, often known as a strategic scorecard, is a growingly common tool for turning major strategic goals into specific operational tasks. BSC's main goal is to coordinate and match the company's financial outcomes with its long-term growth and market triumphs. (Kirejczyk, 2008). It is supposed to be one of the most often described and widely used ideas of achievement measurement in management accounting. (Sobańska [red.] 2010). The quest for an instrument that might serve as the foundation for an organization's thorough assessment and measurement of results began in the second part of the twentieth century. The company Analog Devices, Inc. made an attempt to incorporate innovative solutions. This manufacturing company was founded in Cambridge in 1965, and while its sales have expanded greatly since then, its financial results have begun to worsen noticeably since 1984. Various methodologies, such as TQM, half life, and finally the corporate scorecard, which is a tool for broader assessment and measurement of performance, were implemented from this point forward. (Nita, 2008). Following that, R.S. Kaplan and D.P. Norton, considered to be forerunners of the balanced scorecard, conducted study in this area. They published a research paper on BSC in the Harvard Business Review in 1992. (Kaplan, Norton, 1992). Then they published additional publications associated to balanced scorecard, among other things:

1. Putting the Balanced Scorecard to Work in 1993.
2. The Balanced Scorecard Translating Strategy into Action in 1996.
3. Strategy maps: Converting intangible assets into tangible outcomes in 2004.

A strategy is a plan or a model that unifies the organization's primary policies, objectives, and activity sequences into a logical whole. The plan also aids in the effective and distinctive allocation and management of resources by utilizing information about the company's skills and shortcomings, as well as expected market movements by competitors and changes in the environment. A well-balanced scorecard should be able to answer the following strategy-related questions. (Sobańska, 2010):

1. Is the adopted strategy implemented?
2. Was the implemented strategy appropriate?

The uniqueness of an organization is determined by its strategy, which allows a certain business to be distinguishable from other businesses on the market. As a result, strategy is an important management tool for any company. A balanced scorecard can be used to translate an economic unit's strategy into an internally consistent set of metrics and objectives for implementing economic strategies. (Lew, 2015)

Designing a BSC for a specific company necessitates the involvement of management accounting and management experts. (Jaruga, Kabalski, Szychta, 2014):

1. Presenting strategy using map of strategy. The concept of strategy map was created by the proponents of BSC R.S. Kaplan and D.P. Norton (Kaplan, Norton, 1992).
2. Designing coherent strategy designed for the implementation of objectives of activity set on the basis of adopted visions and missions of the enterprise.
3. An appropriate selection of measures necessary for measurement of achievements of the enterprise in the implementation of strategic objectives and purposes divided into groups called perspectives.

BSC must be viewed not only as a set of balanced measures of the effectiveness of long-term operations carried out in the firm, but also as a type of strategic management system that aids in the implementation of the unit's plan. In this case, BSC assists in defining the company's vision and gaining support for the strategy and vision that has been adopted. In addition, a balanced scorecard defines metrics and strategic objectives and allows them to be integrated with management systems. It also encourages strategic activities, as well as planning and establishing particular goals. BSC encourages the creation of mechanisms for monitoring strategy implementation and business development. (Nowak, 2009).

1.2.1. CHARACTERISTICS OF BALANCED SCORECARD

The organization's strategic objectives and measurements of success were separated into groupings termed perspectives. The contributors' distinct perspectives include all aspects of economic entities' activities, i.e. (Lew, 2015):

1. Financial perspective.
2. Perspective of the customer.
3. Perspective of internal processes.
4. Perspective of innovation and learning.

The financial status of an economic entity is referred to as BSC's financial perspective. It is intended for determining the possibilities and circumstances for creating value for owners based on free cash flows, including the use of economic added value, among other things. (Zyznarska- -Dworczak, 2012).

The customer's point of view aims to address the question of how our company is seen by customers. In today's businesses, focusing on the customer is frequently the first step in developing a strategy. The reason for this is straightforward; it stems from the fact that proper customer interactions enable the company to produce revenue, which assists the organization in meeting its financial objectives. [red.] Widerska 2010). There are unique relationships between metrics in this approach. Customer satisfaction has an impact on attracting new consumers and keeping existing ones. Customer retention and acquisition allow customers' financial effectiveness to rise. service (Piosik, 2006).



Figure 1 Balance Scorecard Overview

Within the context of innovation and learning, skills and resources are recognized that a given economic unit must develop in order to ensure long-term growth prospects. Learning processes are a source of skill

and resource development for an economic unit. Three variables influence an organization's ability to grow and learn: systems, staff, and processes (Piercionek, 2011). Employee happiness, spending on training courses, time required to develop a new product, or the number of employees updating their qualifications are examples of measures depicted in this perspective. (Jaruga, Kabalski, Szychta, 2014).

The balance between defined objectives and measures in many perspectives, as well as their linkage via cause and effect interactions, are among the main characteristics of BSC. Employees are made aware that improving results in one area allows them to obtain better results in other areas by connecting objectives and their metrics from many viewpoints in a logical manner. The final result of all completed objectives and operations should be a good return on investment capital for the owners..

On this premise, it may be argued that evaluating activities from the perspectives of learning and growth, processes, and consumers determines the financial outcomes. Balancing objectives in different perspectives eliminates negative business outcomes, such as situations when one perspective's aims are followed at the expense of others. As a result, measurements relating to past operations as well as those that potentially impact future results of the firm should be covered in the balanced scorecard. As a result, the company will be able to defend itself against a situation in which it focuses on short-term profits while ignoring long-term investments. (Nowak [red.] 2008). Four viewpoints included in BSC enable linking operational and strategic objectives, as well as comprehensive monitoring of operational processes for compliance with the enterprise's chosen strategy. BSC, when viewed in this light, can serve as the foundation for an economic entity's strategic management system. This is mirrored in the processes that follow. (Sobańska, 2003):

1. The explanation of strategy and vision.
2. The coordination and the communication.
3. Planning.
4. Feedback and learning.

It is important to note that BSC is a concept that requires a focus on strategy, teamwork, and strategic learning rather than control and reporting. In this setting, the strategic management system necessitates continual strategy testing, management control, and adaptability to constantly changing conditions. (Nita, 2008)

1.3. ADOPTION AND DIFFUSION OF THE BSC

The acceptance of the BSC in organizations, as well as how the concept has spread between organizations in diverse national and cultural contexts, is a major focus of BSC study. It's important to distinguish between

supply-side and demand-side studies in this field of research.. The supply-side is made up of actors who provide items and services (such as consulting advice and software) linked to the concept, whereas the demand-side is made up of potential users of the concept, such as businesses and managers.

1.3.1. The Supply Side of the BSC Concept

Various supply-side entities, like as consulting firms, professional organizations, software corporations, business schools, and government agencies, have been identified as major drivers of BSC dissemination by a number of scholars. Malmi (2001) discovered that supply-side players played a significant role in an interview research conducted in Finland. From a supply-side viewpoint, Ax and Bjrnenaak (2005) investigated the BSC's spread in Swedish enterprises, concentrating on how the concept was presented in the business media and at conferences. Supply-side actors, notably consultants, were found to be major drivers of the dissemination process. Another conclusion was that in Sweden, where unions and employees are very prominent and influential stakeholders, local consultants adapted the BSC to better meet local market preferences. Qu (2004) looked into the mechanisms that shaped the BSC's inception and popularization, concentrating on the role of the network of actors surrounding Harvard Business School. Cooper et al. (2012) looked at how KN popularized the BSC concept in what could be considered a follow-up study. These findings suggest that KN and the network of individuals around Harvard Business School played a key role in the spread and popularization of the BSC, as well as shaping firms' willingness to adopt the concept. Madsen and Sltten (2013) investigated the configuration of the 'management fashion arena' supporting the spread of the BSC in Scandinavia more recently. In all three countries, consultants and conference/seminar organizers played key roles, although there were variances in the roles played by the business media and academics, for example.

1.3.2 The Demand Side of the BSC Concept

According to Bain & Company's biannual survey, the BSC is one of the most popular management tools among executives. In 2007, 66% of respondents claimed to be BSC adopters (Rigby & Bilodeau, 2007), and while the adoption rate has decreased slightly since then, it still maintains around 50%. (Rigby & Bilodeau, 2009, 2011, 2013) There have been a number of surveys in the literature over the last 15 years that have looked more closely at the adoption and diffusion of the BSC in different contexts, such as the United States (Maisel, 2001; Marr, 2005; Silk, 1998), Denmark (Nielsen & Srensen, 2004), Sweden (Ax & Bjrnenaak, 2005; Olve & Petri, 2005), Norway (Eriksrud & McKeown, 2010).

1.3.3. Why Are Organizations Adopting the BSC?

Why do companies choose to use the BSC? In most cases, researchers distinguish between two types of explanations. Organizations act rationally, according to rational interpretations of adoption behavior, and adopt concepts like the BSC to improve performance measurement techniques or strategic control. Such theories are appealing to the mind. Social accounts, on the other hand, highlight how companies are immersed in their institutional and social surroundings, and how management styles (Abrahamson, 1991, 1996) and other sorts of social and institutional forces influence adoption behavior (Sturdy, 2004). We'll examine at whether these two reasons for BSC adoption behavior are mutually exclusive in the next section.

TABLE 1
ADOPTION RATES IN DIFFERENT COUNTRIES/REGIONS

Country/Region	Adoption rate (approx.)	Sample	Reference
Worldwide	66 %	Managers of large companies	Rigby and Bilodeau (2007)
Nordic countries	27 %	Publicly traded companies	Kald and Nilsson (2000)
Germany, Austria and Switzerland	25 %	200 large companies	Speckbacher et al. (2003)
Norway	30 %	Manufacturing companies	Olsen (1999)
Norway	26 %	Controllers and CFOs	Eriksrud and McKeown (2010)
Sweden	38 %	Technical and industrial companies	Olve and Petri (2005)
Jordan	35 %	Large companies	Al Sawalqa et al. (2011)
India	45 %	Large companies	Anand et al. (2005)
UK	57 %	Large companies	Anonymous (2001)
USA	35 %	Fortune 5000 companies	Marr (2005)

USA	43 %	Members of the American Institute of Public Accountants	Maisel (2001)
USA	60 %	Fortune 1000 companies	Silk (1998)

1.4. THE IMPLEMENTATION AND USE OF THE BSC

1.4.1. Interpretation and Understanding of the BSC

According to research, the BSC notion can be read and understood in a variety of ways. The BSC appeals to a wide range of potential users in many circumstances due to its flexibility in interpretation. This also makes the concept more malleable and adaptable, reducing the likelihood of it clashing with local cultural norms and cognitive frameworks. This could be one reason for the BSC's apparent widespread appeal (see Table 1). However, studies have revealed that how the BSC is viewed is influenced by factors such as professional background and specialties. Users with an accounting experience, for example, were more likely to emphasize the technical components of the BSC and to perceive and use the notion in the typical "accounting way" as a performance monitoring system, according to one study. Users with an HR or organizational experience, on the other hand, were more inclined to perceive and apply the BSC as a tool for developing and implementing strategies (Braam et al., 2002). Users reading exposed to different versions of the BSC literature (Braam & Nijssen, 2004) or being exposed to different intermediaries (e.g. consultants) who put their own spin on the BSC (Ax & Bjrnak, 2005; Braam et al., 2007; Madsen, 2011; Madsen, 2014a) are also likely to have divergent interpretations of the BSC.

1.4.2. Typologies of BSC Use

A number of scholars have examined patterns in the application of the BSC in practice. Different typologies or categories of BSC use have been developed by these scholars. Five of these typologies are described and compared below (See Table 2).

Three types of BSC use were identified by Speckbacher et al. (2003). (Type I, II and III). In the BSC research literature, this typology is arguably the most well-known and mentioned. The BSC is used as a performance measurement method in Type I. This application is very similar to how the BSC concept was

presented in the 1990s. Cause-and-effect links are explained in Type II, as well as a stronger link to the organization's strategy. This method of BSC application is similar to that recommended in KN's 1996 book. Type III is the most advanced type of BSC use, with more advanced features such as a link to rewards and compensation systems. Speckbacher et al. (2003) discovered that type III BSCs were used by less than 10% of the organizations in their study.

Cobbold and Lawrie (Cobbold & Lawrie, 2002; Lawrie & Cobbold, 2004) categorize BSCs into three generations: first, second, and third. A first-generation BSC is essentially a performance assessment system, whereas a third generation BSC has added various steps, such as strategy maps and destination statements. Brudan (2005) divides BSC usage into five categories. The most basic version of BSC is used for reporting, while a full BSC with strategy maps and other sophisticated features is the most advanced. According to Soderberg et al. (2011), there are five stages of BSC use. A BSC is the initial level, with performance measures generated from the organization's strategy. Level 2 is separated into two parts: level 2a and level 2b. Level 2a comprises level 1 plus a balance of performance measurements, whereas level 2b adds cause-and-effect correlations. Level 3 is a BSC that meets both level 2a and level 2b standards. Level 4a includes a link to compensation and reward systems, as well as so-called double-loop organizational learning, in which the organization is capable of criticizing its own assumptions and "worldview." Finally, level 5 is the most advanced BSC system, capable of meeting all lower-level standards.

According to Perkins et al. (2014), there are three generations of BSCs. BSC 1.0 refers to the first generation of BSC use as a performance measuring system, whilst BSC 3.0 refers to the third generation of BSC use. This typology is based on Lawrie and Cobbold's (2004) earlier typology, although it is more fine-grained, dividing the three generations into eight variations.

1.4.3. A Comparison of the Typologies

There are a lot of similarities between the typologies in Table 2. The five typologies distinguish between 'basic' application of the BSC as a performance measurement system and more 'advanced' application of newer theoretical elements (e.g., strategy maps, strategic destinations, reward/compensation systems) that have been incorporated into KN's concept over the last two decades. At the same time, researchers differ in the distribution of various types of BSCs between organizations. Speckbacher et al. (2003) observed that only a few organizations adopted an advanced kind of the BSC ('type III'), although Soderberg et al. (2011) claim that this group is significantly larger. This contradiction could be explained by the fact that both papers were published at separate times. Speckbacher et al. (2003) conducted their research while terminology like strategy maps were still relatively unfamiliar in reality. The increased use of the new and "advanced" elements could be explained by the fact that over time more organizations have learned about

the BSC literature and theory and gained experience in those areas. This enables organizations to adopt and apply a more ambitious BSC.

TABLE 2
FIVE TYPOLOGIES OF BSC USE

Speckbacher et al. (2003)	Lawrie and Cobbold (2004)	Brudan (2005)	Soderberg et al. (2011)	Perkins et al. (2014)
Type I	First generation	Reporting	Level 1	BSC 1.0 (four versions)
Type II	Second generation	Functional	Level 2 (a+b)	BSC 2.0 (two versions)
Type III	Third generation	Control	Level 3	BSC 3.0 (two versions)
		Goal congruence	Level 4 (a+b)	
		Complete	Level 5	

1.5. Research problem

In days like this when the market in general is shaky and some companies have to go to their extremes to survive, strategies are about to change focus. Although, it is not enough to change strategy if the changes are not implemented; a company using the BSC as a strategic communication tool should make sure to take advantage of it and make sure that also strategic changes are visible in an adjusted BSC. Further, it should be ensured that changes, as well as the original strategy, are communicated and visible to users on all levels of the company. This study is about to contribute to the understanding of whether Balanced Scorecards are strongly connected to strategy in the real-world setting. More specifically: **how are strategy and strategic changes reflected in the Balanced Scorecard?**

1.5.1. Purpose

A general understanding of the BSC is that it should be based on strategy. The purpose of this study will be set on the connection between an existing BSC and the strategy that it should be based upon. What makes this study even more interesting and relevant is the current state of the worldwide economy. My conviction when going into this research is that strategists are kept unusually busy with adjusting strategies in companies all over today's turbulent marketplace. Furthermore, that a change is more efficient when it is initiated and introduced through communication in all directions and to all levels of the company. The research problem is to do the statistical analysis of research papers of BSC and to find how strategy and strategic changes are reflected in the Balanced Scorecard with the purpose of how BSC help organizations to solve their management issues.

Chapter 2

Literature review on balance score card

One of the most significant concepts in accounting and management is the Balanced Scorecard (BSC). The BSC celebrated its 20th anniversary recently. A balanced scorecard is a strategic performance management tool — a semi-standard formatted report that managers may use to track the execution of tasks by employees under their control, as well as the repercussions of those actions.

The balancing scorecard technique is used by about 75% of companies throughout the world to improve their performance. In 1992, Kaplan and Norton coined this method of performance evaluation. Academics and practitioners have worked on the balancing scorecard extensively from that period until 2021. This research summarizes the key Balance Scorecard studies done between 1992 and 2021.

2.1. Introduction

Contrary to classical HR theory, which considered people to be the most valuable resource for a business, the focus of the corporate world has switched in the modern period to finding the proper people for the job. As a result, the literature on workforce skills, competences, and knowledge is extensive. In these situations, management's responsibilities are enhanced in comparison to the past because they now have to manage talents and capacities in addition to managing workers. According to the upcoming methods, management faces a new difficulty in transforming its Human Resource into players who can earn a profit in the business world by following the rules set by the administration. It means that employees' contributions to the organization's success must be quantifiable so that their performance may be assessed on quantifiable criteria. A variety of tools have been created by practitioners and scholars to assess employee performance.

Balance Scorecard is one of these instruments. The Nolan Norton Institute first launched this tool in 1990, through a series of Harvard Business Review research papers that examined financial indicators that complement internal processes, operational measures of customer satisfaction, improvement, and innovation initiatives. According to 2GC Ltd (2009), a balance scorecard is a management tool for keeping track of employees' activities and behaviours, as well as controlling and monitoring the outcomes or consequences of such actions. The BSC has been employed by several businesses not only as a performance measurement tool, but also for a variety of other managerial responsibilities, as seen by the BSC Dimension fuzzy Analytical Hierarchy. In a similar study, four elements of the Balanced Scorecard were utilised to validate the Organizational Knowledge framework. The goal of this research is to conduct a historical

assessment of the Balanced Scorecard, which was first conceived in 1990 and has since evolved into a widely used performance measuring tool in the global business sector. So far, academics and practitioners have put a lot of effort into the Balanced Scorecard. The important research on the Balanced Scorecard is discussed and analyzed in this chapter.

2.2. Diffusion of Balance scorecard from 1992 to Present

The idea of measuring performance with the goal of improving it dates back two centuries, when Lord Kelvin, a British scientist, stated: “I often say that when you can measure what you're talking about and express it in numbers, you know something about it; but when you can't measure it, when you can't express it in numbers, your knowledge is of a meagre nature.”

These words constitute the foundation of any performance management system currently in use by businesses.

General Electronics provided a mix of financial and non-financial matrices to measure divisional performance in the 1950s, but these matrices never worked as an incentive plan for business lines or management systems, but they were a precursor to the balance scorecard. The Japanese Management Movement, which lasted from 1975 to 1990, was another significant step toward the Balanced Scorecard. Japanese corporations challenged the western corporate world during this period, introducing numerous innovative principles such as Just in Time, Total Quality Management, and fast cycle times, among others. Western management, on the other hand, was short-term and focused on financial performance, and this was the time when senior management and front-line employees in the western world needed a framework that could provide information on both financial and non-financial aspects of the organization's performance.

EPS, Return on Investment, and other financial measurements were used by most firms in the 1990s to assess their organizational success. Organizations, on the other hand, were dissatisfied because these measures were sending mixed signals due to the lack of a structured performance measurement framework. There was a demand at the time for a tool that could measure an organization's success across various dimensions. A pilot of an airplane needs information regarding several aspects of the flight, such as fuel, destination, speed, and so on. Similarly, a company requires information not only about its operational and financial features, but also about its other significant characteristics. Due to these challenges, Kaplan and Norton (1992); Kaplan and Norton (1996) developed the Balanced Scorecard, a performance measurement instrument that puts strategy into action. The Balance Scorecard evaluates a company's performance across four dimensions. 1. What are our customers' impressions of us? 2. What should we be particularly good at? 3. What are some ways we may add value and improve? 4. What is our approach to our stakeholders? In

1993, Robert S. Kaplan held an interview with Larry D. Brady, executive vice president of FMC Corporation, to gain practical insight into the implementation and outcomes of the Balanced Scorecard. According to him, BSC is not a complete measuring system, but rather a basic component of a management system, and it is up to management to decide whether it is merely a record-keeping tool or a tool for focusing on a plan for improving organizational performance. Based on this conversation and other real-world instances from the business world, Kaplan and Norton discovered that one of the most prevalent problems that different businesses confront is aligning their long-term plans with short-term actions. As a result, they described four new management processes that, alone and in combination with Balanced Scorecard dimensions, link organizational short-term activities to long-term plans.

1. Translating the vision,
2. Communicating and Linking.
3. Business Planning.
4. Feedback and Learning.

As a result of its strategic ties, the Balanced Scorecard's definition shifted from "an improved measuring system to a fundamental strategic management system."

Both important authors established the 5 principles that an organisation might adopt to become a strategic focused organisation in 2001. The following are the guiding principles: translating the strategy into operational terms, Everyone must be involved in the strategic process, and the organisation must be aligned with the strategy. Make the strategy a long-term mobilisation and change process through senior management or leadership. Kaplan and Norton (2004) established a roadmap for measuring, describing, and aligning intangible assets for greater performance in one of their previous publications, Strategy Maps.

In another article, Kaplan and Norton (1996 b) described the scorecard as a tool for clarifying the corporation's vision for the future, creating shared knowledge, focusing on change activities, and leading to learning at the top management level. Many firms introduced the Balanced Scorecard in their organizations around the same time period, and many academicians worked on the scorecard to highlight its importance in many industries and how it could be successfully implemented in a company. Roest (1997) proposed ten golden principles for the management to follow in order to successfully apply the Balanced Business Scorecard in the organisation.

However, in addition to the widespread praise, many academicians studied the Balanced Scorecard critically and proposed various changes. Some of BSC's assumptions were questioned by Nerreklit (2000).

In the four dimensions of BSC, Kaplan and Norton (1992) assumed that there is a causal relationship, however Nerreklit (2000) argued that there is only a logical relationship.

Second, he claims that there are certain gaps between the theory offered in BSC and empirical evidence because Kaplan and Norton (1996b) based their BSC on a highly complicated case study, which we cannot extend to the entire corporate environment. Third, the author challenged Kaplan and Norton's top-down control paradigm, claiming that a more interactive control structure is needed among the organization's major stakeholders. Following these criticisms, Nerreklit (2000) proposed various changes to the existing Balanced Scorecard. According to Nerreklit (2000), a highly integrated performance management system is required, which must include top management's subjective perspective and intuition, because the focus should not only be on previous performance but also on future potential. According to (Bommer et al., 1995; Heneman, 1986) meta-analyses, there is a correlation between objective and subjective performance indicators of 0.27 and 0.39. As a result, it's critical to discuss both the objective and subjective performance measures.

Similarly, Pandey(2005), after critically analysing the Balanced Scorecard, argued that while there is no doubt that the performance improvement process is an important part of strategic planning, he questioned whether the BSC is linked to the strategy and leads to better performance, communication, and motivation, as proponents of the BSC claim. This assumption of the Balanced Scorecard requires empirical confirmation.

The growing popularity of the Balanced Scorecard prompted researchers to investigate the judging and decision-making aspects of the Balanced Scorecard components. Only common BSC measures, according to Lipe and Salterio (2000), should be used to evaluate business unit managers. Only common measurements will be used, resulting in uniformity in BSC implementation across Business Units and superior evaluation so that these common measures may represent the business strategy in a unique way. The findings of their research were confirmed. Most evaluators, according to Banker, Chang, and Pizzini (2004), rely on conventional performance measurement techniques rather than unique ones. Furthermore, when the evaluators have extensive information about the business unit's strategy, the performance review process is influenced by the strategically related performance measure.

Shulve, Lawrie, andersen published another key book on the Balanced Scorecard in 2000. (2000). They devised a criterion for putting together a Balanced Scorecard for businesses that takes into account the Vision Statement, Strategic Linkages, Strategic Objectives, Performance Measures, and Implementation Plan.

In 2001, Kaplan and Norton believed that the Balanced Scorecard framework was one of the biggest challenges facing non-profit organizations. The financial aspect appeared at the top of the list, despite the fact that it is not the primary goal of a non-profit or government organisation. To address this issue, Kaplan and Norton proposed a modified Balanced Scorecard framework in which the financial dimension was divided into three categories: the first is the cost of providing social services, the second is the value of the service provided by the agency, and the third is the cost of legitimising authorities. Kaplan and Norton (2007c) further linked the Balanced Scorecard to several organizational improvement activities, such as operational linkage, customer linkage, profitability linkage, and budgeting linkage.

The work that had been done up to that point had been centred on the definition and construction of the Balanced Scorecard. The Balanced Scorecard was studied by Braam and Nijssen (2004). and Nijssen (2004) investigated the influence of the Balanced Scorecard on the company. The study indicated that how the Balanced Scorecard is implemented in the organisation matters, based on empirical research conducted on Dutch firms. If the Balanced Scorecard is used in conjunction with the firm's plan, performance will improve; otherwise, performance will deteriorate. In a similar vein, Neely (2008) investigated the performance part of the Balanced Scorecard. According to observers, the BSC has been embraced by more than 75% of organizations. As a result, two sister divisions of an electronic-based corporation were subjected to a quasi-experiment. In one division, the Balanced Scorecard was adopted, but in the other, the Balanced Scorecard was not. The results of the experiment demonstrate that the division that implemented the Balanced Scorecard had modest profit and gross sales improvements, but at the same rate as the division that did not. As a result, the performance portion of the Balanced Scorecard was once again called into doubt.

(Banker et al., 2004) made another distinctive contribution to the Balanced Scorecard by attempting to determine the relationship between financial and non-financial performance criteria. The study focused on the US telecommunications industry, and the findings revealed that there is a need for tradeoffs in both financial and non-financial indicators, such as the percentage of business access lines. A lot of work has been done on the implementation phase of the Balanced Scorecard and the issues that businesses experience while applying the balanced scorecard since 2005. Thakkar, Deshmukh, and Shankar (2006) produced a comprehensive framework for the Balanced Scorecard for India's organic food sector, as well as some guidance for its implementation: 1. Gain a thorough awareness of the interrelationships between various strategic objectives. 2. Examine the efficacy of measures, 3. Reevaluate duties in light of changing circumstances, and provide some mathematical rules for calculating the weightages of performance aspects and the total performance score.

Similarly, Chavan (2009) did a research on two Australian firms to discuss the lessons learnt while implementing and adopting the Balanced Scorecard in their organizations, and the author suggested that the balanced scorecard requires support from the top down. The Balanced Scorecard will vary as the organization's culture, approaches, and goals change. In these conditions, the Balanced Scorecard can only be balanced if the people in the organisation accept responsibility for accomplishing the Balanced Scorecard's metrics and goals.

According to Johanson et al., (2006), no organisation can have a completely balanced control management process, but Skoog, (2003) claims that through stability, connectivity, and regularity in the various areas of the management control process, it is possible to achieve a reasonable level of balance.

Finally, Johanson et al., (2006) presented their viewpoint as follows:

“There is a need for balance: between different perspectives and financial and non-financial measures; between short- and long-term perspectives; between satisfying individuals' need for freedom and "love" and compromising on the organization's commonly accepted goals and norms; between aligning people with strategy and inviting people to assist in strategy development; between reflection

So, does the above-mentioned study cast doubt on the notion of a balanced scorecard being balanced or not? Sundin, Granlund, and Brown (2010) conducted an empirical investigation to answer this question. The study concluded that a balanced scorecard is capable of achieving numerous objectives while also emphasizing the importance of being balanced in terms of processes and outcomes.

A number of studies have been undertaken on the Balanced Scorecard to determine the relationship between the Balanced Scorecard and other organizational activities. Jiménez- Zarco, Martínez-Ruiz, and González-Benito (2006) attempted to link the Balanced Scorecard to product creation and innovation in their study. As a result, they advocated the creation of a new performance dimension that would allow for the measurement of performance and quality throughout the new product development process, as well as the identification of critical elements that drive product innovation. Marcos, Rouyet, and Bosch all made similar efforts (2012). This study created a design for an Information Technology Balanced Scorecard (IT BSC) that combines the business environment, balances, and management of the IT strategy, and the authors believe that the model improves IT's role in getting and quantifying its contribution to business value. In addition, the proposed paradigm fostered innovation in all aspects of the IT Services lifecycle.

The absence of external direction was a significant critique of the Balanced Scorecard. So, according to Othman (2008), there must be a link between the Balanced Scorecard and Scenario Planning, which refers

to strategic planning that is resilient to different scenarios or external situations. This ensures that the Balanced Scorecard isn't simply a snapshot of the current situation. Kaplan, Norton, and Rugelsjoen (2010) responded to the issue of external orientation by focusing on one aspect of the corporate environment: the many commercial connections. They provided a response to the topic of how organizations might be spared from the problem of alliance failures. The main reason for this is that they are poorly managed and organized, as their sales level agreement is based on operational success rather than strategic objectives. As a result of the Balanced Scorecard's strategic focus, the authors suggest that relationships can be better managed.

One big issue with the Balanced Scorecard is that it is not used and adopted in its true spirit by the organisation. According to Chang (2007), the Balanced Scorecard was used as the Performance Assessment Framework (PAF) in two health authorities, but the empirical study on the sector revealed that the PAF was only ceremonial and symbolic for improving the performance of managers in health authorities because the findings showed very little improvement in performance. One reason for these results was that the Balanced Scorecard was adopted in public sector organizations due to political pressures and legitimacy seeking reasons. As a result, Kaplan (2009) produced a study in which he revised the Balanced Scorecard's original spirit, roots, and motives while also incorporating new research. The linkage of the Balanced Scorecard with strategic objectives, the framework of the Balanced Scorecard for Non-profit organizations, the measurement of intangible assets' strategic readiness through the Balanced Scorecard, the importance of executive leadership in implementing the Balanced Scorecard, communication and motivation factors, and so on were all discussed in this paper from 1992 to 2009. It is critical to refresh the Balanced Scorecard on a regular basis. According to Soderberg et al., (2011), the Balanced Scorecard currently used in businesses is not the same as what Kaplan and Norton envisioned (1992). According to Barnabe (2011), a dynamic Balanced Scorecard can help with strategic decision-making, however these frameworks make a simple and effective Balanced Scorecard technique full of complications. However, despite all of the complaints, recommended improvements, and comparisons of Balance Scorecard to other Performance Measurement tools, Balanced Scorecard has an edge over other performance measurement tools due to its capacity to assess performance across several dimensions.

The integration of normative strategy and operational management with the use of a quality management system and a balance scorecard was studied in 2012. To improve the role of IT in acquiring and measuring its contribution to business value, a particular IT balance scorecard was created. Another significant contribution was to highlight the key viewpoints weighted model for balance scorecard systems by allocating weight to each perspective of the BSC, with a case study of the Iranian automobile industry as a case study. The benefits of the BSC system in the health sector and forensic laboratories were investigated

further. Along with the benefits of the BSC model, the malfunction of the BSc was identified in 2012 with the help of two research phases (2008-2010) in which problems related to BSC system implementation were identified and some possible solutions were proposed, and the research of (2010-2011) was to verify the link between goal fall, performance decrease, and the BSC system.

Park, C.-H., Ahn, J.-S., Lee, D.-M., Cha, Y.-N., and Chin, S.-Y. collaborated in 2013 to discover KPI on BIM benefits and validation technique. Zhang, Z did another study in 2013 to examine the performance of Chinese commercial banks and assess their overall operational capacities from six perspectives. In Jordan, an empirical study was also carried out to assess the performance of e-government services using a balance scorecard. To develop the structure of the balanced scorecard by taking into account the characteristics and issues that domestic industrial companies face, as well as to establish the index set that represents the condition and use efficiency of capital assets. To increase the enterprise capital asset utilisation efficiency, Dovbnia, S.B invented the idea of balancing and improved the balanced scorecard and the methods of its formation. Further research was carried out on the influence of BSC on supply chain enterprises and the measurement of dairy supply chain performance using BSC.

With each passing year, more study on BSC effectiveness in many areas has been conducted. In 2014, Oliaei, S., and Mohebbi, M.M. investigated a combination model for IT mapping strategy in the banking industry using BSC-strategic alignment (Case study: Pasargad bank). G. Prakash and R.R. Pant investigate the performance measurement of a dairy supply chain in India from the standpoint of a balance scorecard. In 2014, K. Meena and J. Thakkar published a paper titled "Developing a Balanced Scorecard for Healthcare Using Interpretive Structural Modeling and Analytic Network Process." In 2014, Kuswanto, V., and Gaol, F.L. attempted to measure the performance of ERP systems implementation using a balanced scorecard technique in a manufacturing organisation. Another researcher worked on tying IT governance and the balance scorecard together.

Broccardo, L. studied the influence of strategic management balanced scorecard on Micro Enterprises' (MIES) business performance in Surabaya, Indonesia, utilizing intellectual capital as an intervening variable, and found a favorable impact on MIES. According to a 2015 study, BSC is effective in strategic managing and performance evaluation for the automotive and brewing industries. In 2015, A.T. Tsalis, E.I. Nikolaou, E. Grigoroudis, E. Grigoroudis, and P.K. Tsagarakis investigated the dynamic sustainability Balanced Scorecard approach as a navigator for examining the dynamism and complexity of corporate sustainability strategy.

Nurhadi, D. designed a balance scorecard approach to evaluate initiatives for engineering educational institutes in 2016. Year after year, the number of engineering educational institutions and engineering

students has risen significantly to satisfy the demands of the local, national, and international labour markets. As a result, engineering educational institutions are expected to perform professionally, and in order to improve the quality of their graduates, they must understand their needs and take immediate action to ensure educational success. The balanced scorecard approach is a well-considered strategy for developing strategic plans and management systems. This model can be used by engineering educational institutions to balance operational actions with the institution's visions and plans, increase internal and external communication, and track organizational performance based on strategic goals. This article offered a comprehensive explanation of how to apply a balanced scorecard in an engineering educational institution and how to create a balanced scorecard for engineering educational institutions in order to better prepare their graduates for labour market needs.

Waluyo, M., Huda, S., Soetjipto, N., Sumiati, Handoyo conducted another study in 2016 on the investigation of balance scorecard model performance, which was synergized by SEM. The goal of this research is to look into the impact of variables that work together to create a balanced scorecard and SEM as a future strategic planning tool. Lasanthika, S.C., and Saranga, P.S. presented a new model of BSC called academic balance scorecard for performance appraisal of an academic in the Srilankan setting in 2016.

Marketing audits should assist strategic marketing planning in developing appropriate strategic and operational objectives for the enterprise's future success. This necessitates the development of an audit model that reviews marketing activity and reorients it such that the initial objectives are met. The major goal of this study is to propose a marketing audit model that incorporates the agility idea and the balance scorecard system into the auditing process. A model for identifying competitive advantages and implicit market difference that can be applied within SMEs (Small and Medium Enterprises).

Because developing an effective business strategy should be based on aspects of rationality, not only with the roots of present time, but also with the past and characteristics acquired in previous competitive episodes that may form the context for future ones, BSC is used in system dynamics for system modelling and control of organisation business processes. As a result, when assessing the feasibility of assisting decision-making, key characteristics of economic entities (objects) such as complexity, dynamism, and nonlinearity should be considered.

According to a 2017 study by Zhu, X., Zhang, H., Wu, C., and Huang, Z., Based on a sustainability balanced scorecard, an economic model of lean production and green manufacturing integration. The Balanced Scorecard Method (BSC) considers factors such as object periodicity, financial certainty, internal and external ductility, process stability, outcome predictability, and performance distribution. The BSC

concentrates on financial recommendations, ignoring traditional performance metrics such as lean manufacturing and green manufacturing. According to the BSC, the old model can only calculate the lagging outcome components and cannot organise predicted benefits for the driving factors. The financial-indicator-focused management approach was still effective. The old method of performance management is now the polar opposite. Organizations can only attain sustained development motivation by investing in diversification, technologies, and innovations. As a result, it might promote the operation of the business, causing performance to improve. Based on a sustainability balanced scorecard, this study developed an economic model of lean production and green manufacturing integration degree. For socio-economic development plans as retail success metrics, a balance scorecard technique was adopted.

The Balance Scorecard (BSC) model can now be used to provide a comprehensive approach to performance measurement, breaking the traditional use of financial indicators alone to assess the performance of any service-sector company. Nisha's research focuses on the banking sector of Bangladesh to investigate the fundamental hypotheses of the BSC model and how they might be used for performance evaluation. The results show a statistically significant and sequential positive association among the BSC viewpoints for the selected banks. The study's findings show that banks that have seen improvements in their selected financial indicators such as ROA, ROE, and so on have clearly boosted their efforts in the areas of learning and growth, internal business processes, and client perspectives. In the context of Bangladesh, these findings clearly have a number of critical implications for bank managers.

For In 2017, Jabeen, F., and Behery, M. conducted a study to investigate the status of corporate performance management (PM) in the Middle Eastern context, as represented by the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA), as well as the effects of the balanced scorecard (BSC) adoption, with the goal of determining the impact of BSC adoption. Design/methodology/approach: Due to a lack of understanding about the subject and a small number of organizations using the BSC in the Middle East, this study took a descriptive approach to validate the BSC's significance and to investigate the causal relationship between performance perspectives and the BSC's various aspects. In the UAE and Saudi Arabia, the sample was chosen from five significant business sectors. Findings: The findings show that the BSC indicators are useful instruments for assessing and reflecting on company performance. In the UAE and Saudi Arabia, the BSC concept is considered best practice. The notion can be utilised to reconcile shareholder and stakeholder expectations because it is compatible with local culture and business practices.

Manufacturing companies must develop metrics to assess sustainable manufacturing performance, aiming for integration of sustainability features, in response to growing sustainability concerns. Although various models and methods to assess the sustainability of production processes, as well as the role of maintenance,

have been developed in recent years, the contribution of all elements of maintenance to the results of sustainable production has not been fully considered, because mostly financial aspects have been analyzed. The researchers (name) provide the notion of a model and technique for assessing maintenance from the standpoint of sustainable manufacturing requirements, taking into account this research gap. The authors use three sustainability dimensions (economic, social, and environmental) as a foundation for developing a model of maintenance sustainability performance assessment based on Kaplan and Norton's balance scorecard viewpoint. The assessment technique for the developed model was constructed using the aggregate assessment paradigm. To aggregate the measures, the Choquet integral was used, which is based on the so-called – measure. The research findings on determining the importance and relationships between viewpoints and criteria for evaluating sustainable maintenance in firms representing the automobile and food industries are then provided. In 2018, a number of studies on balance scorecard were undertaken to determine the performance evaluation of universities and colleges using BSC, as well as various research to determine the relationship between different types of firms.

Prerequisites for the adoption of a balancing scorecard for strategic forest management were introduced in Russia in 2019. an unstable economic situation, new forest management methods aid in achieving the goals of preserving the interests of the state, private business, and society in the areas of efficient reforestation, forest industry development, starting with land use planning, forest conservation, and ending with the availability of management cost estimates, starting with the problems of land use planning, forest conservation, and ending with the availability of management cost estimates. As a result, the research discusses how the BSC concepts might be used to strategic forest management. By developing strategic maps for each level of management, BSC is positioned as a tool for assessing and managing the strategic growth of the forest complex. The adaptation of BSC into the peculiarity of the current strategy and development of the Russian forestry complex

2.3. Strategy Map:

A strategy map is the most strategic planning method that helps visualize the entire strategy of an organisation on a single sheet of paper. It shows the cause-and-effect relationship between the components of an organizational strategy.

The strategy mapping technique is designed to enable a management team to explore and discuss the strategy in more detail than usual.

It helps to develop highly effective strategies which can be implemented effectively. Furthermore, strategy maps help participants develop the mission, vision and objectives and action plans, as well as the challenges they face during the journey.

Strategy maps also help

- Discover strategic issues which are not necessarily apparent
- Evaluate organizational vision, mission, objectives, strategies and actions efficiently
- Communicate strategies in a simple and comprehensible way to facilitate their implementation
- The means of guiding, monitoring, managing, and reviewing the implementation of strategies.
- Stimulate thinking and facilitate discussion and strategy understanding A generic strategy map focuses on four strategic perspectives.
 - Financial perspective: outlines the tangible outcomes of the organizational strategy
 - Customer perspective: describes the value proposition for the customers
 - Internal process perspective specifies the essential internal processes that will have the greatest impact on the strategy
 - Learning and growth perspective identifies the intangible assets important to the strategy

These components are classified as individual rows on the map, each of which represents their own objectives. The goals are also linked to communicate the relationship between causes and effects.

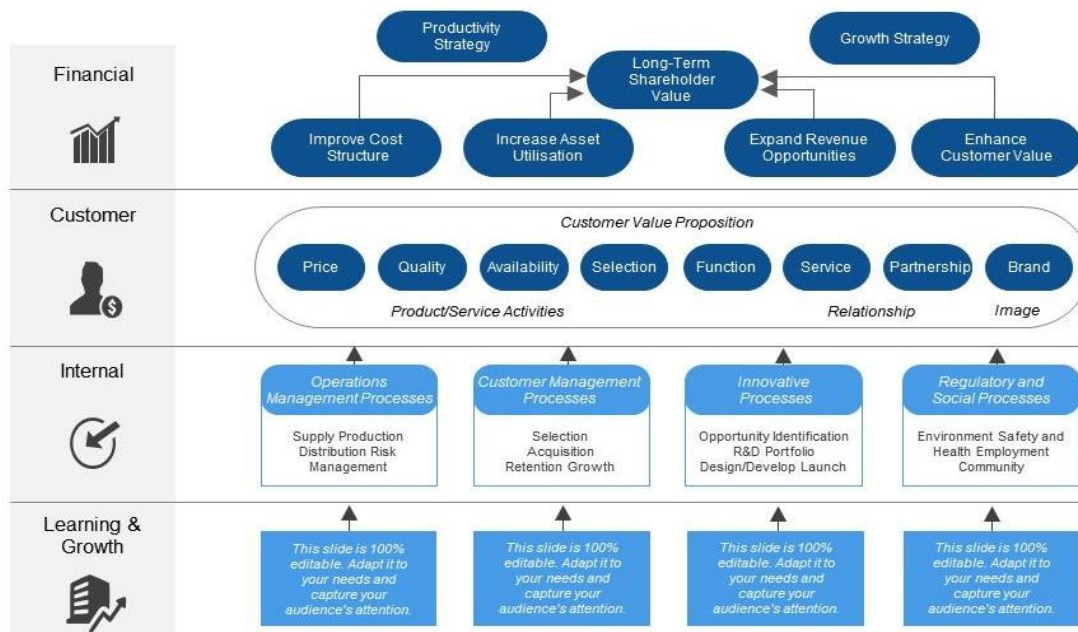


Figure 2.1 General Strategy Map

2.4. BSC trends in general business, management and ethics

By focusing on research subjects and aims, empirical studies might be categorised according to four trends: BSC acceptance and implementation, sustainability and BSC, BSC and BSC backgrounds and repercussions. Research focused on the categorization of BSC literature as one of the four trends, in order to examine the adoption and implementation of BSC in organizations, while literature for sustainability includes research studies that look at the interrelationship between sustainability activities of organizational organizations and BSC activities. In addition, the antecedents and consequences of the BSC stream comprised of study on what drives or hinders BSC's deployment and impact; whereas literature that uses BSC as a basic framework to improve performance management was designated as a framework category by BSC.

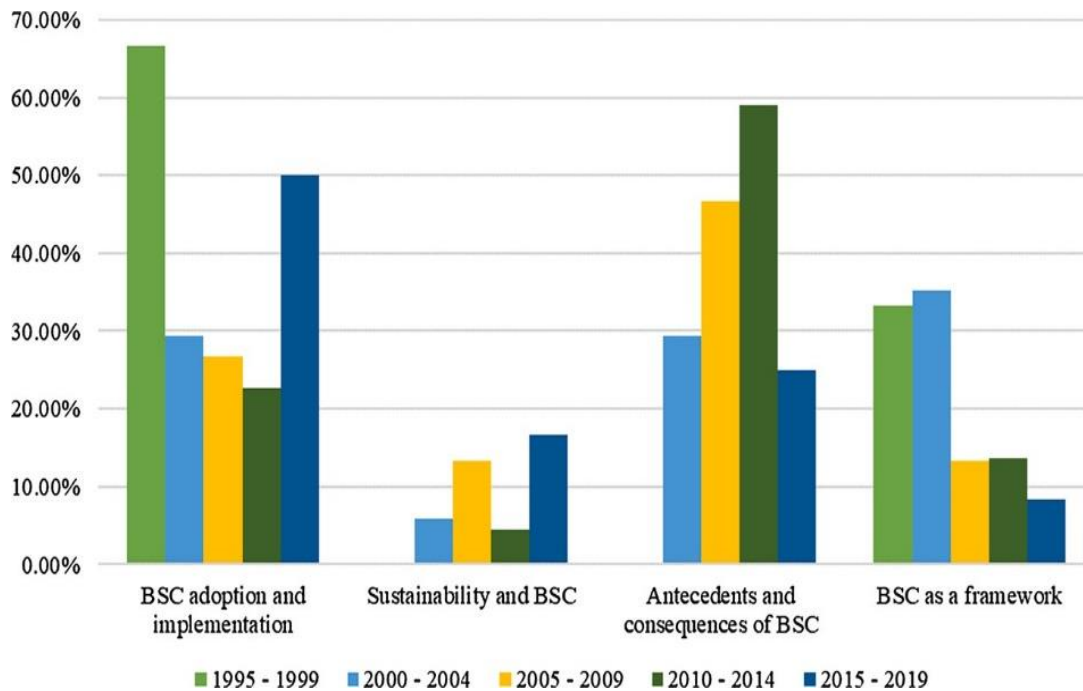


Figure 2.2. BSC literature trends in general business, management, and ethics

2.5. BSC Limitations

"Data collection" (KOKAKÜLL; AÜSTILL, 2007), "determining which indicators to select" (ASSIRI et al, 2006, KAUFMANN; BECKER, 2005), "disruption in determining cause-and-effect relations" (ARNAND, et al, 2005; KAUFMANN, BECKER, 2005; MALINA; SELTO, 2001), and "incomplete BSC projects," were the most common "BSC project problems" that were established (KAUFMANN; BECKER, 2005). Kaplan (1999) states that in the early months of the deployment process a large percentage of the whole set of BSC measurements is not available. Instead of ever revising them to have the perfect start, however, businesses should start using the BSC measurements and support a steady approach to improvement. "Not being able to traduce strategy" (ASSIRI et al. 2006; MALINA; SELTO 2001) and "communications challenges with the BSC focused team" were founded as the most common process problems (GALAS; FORTE, 2005). Although the communication process is important, new research have indicated that it is tough to operate. The "6 silent assassins of strategy implementation," outstanding among them, poor vertical communication, occurring when organizational culture does not encourage open dialogue between hierarchies, and the willingness on the part of management to face public barriers that block the implementation of strategy Beer and Eisenstadt (2000) list (BEER; EISENSTAT, 2004). Other elements also indicate whether the BSC communicates the strategy effectively: The BSC is included in the

routine; it supports the organization's culture; it helps communicate trust; it extends the strategic dialogue (MALINA; SELTO, 2001). - 'Engagement of top management level' (GALAS; FORTE, 2005). Kaplan (1999a) stresses, in order to prevent isolation during the implementation of BSC, the top management should share tasks and responsibilities. In fact, the literature shows certain executives' lack of interest in the implementation process (ATKINSON 2006; HREBINIAK; JOYCE, 2001; PRIETO; CARVALHO, 2006) and identifies the ability to execute itself as a source of competitive advantage (BARNEY, 2005). Subjectivity and tension with regard to performance measures might potentially impede the BSC's ability to encourage strategic communication (MALINA; SELTO, 2001). It contends that a BSC cannot explain the impact of time on organizational results, particularly the lag of time between non-financial metrics and their consequences for finance, appropriately. Nørreklit (2000, 2003) said the consequences of measurements will take place at different times, with some happening quickly and some very slowly, in the diverse places concerned. "BSC's compensation plan is not good motivation," "BSC system requires stakeholder awareness improvements" - "Employees cannot understand how they can help to improve performance." BRUGGEMAN (2006) (DECOENE) In this regard, Kaplan (2000) said that rare and poorly planned debates as well as insufficient communication and training are significant obstacles to employees comprehending the strategic goals of the organisation fully. - "SBC requires investment in order to develop future value," "SBC requires services of advice," "a rigorous structure of hierarchy" and "not a shared culture" " - 'BSC constant uses problems,' for example 'environmental insecurity' and 'BSC reviews and reporting lacking,' 'inadequate communication' and 'various time prospects' and 'incomplete performance and market figures' (KAUFMANN; BECKER 2005) The support from consulting firms normally is necessary because of the specificity of the concepts in the model and the necessity for the whole organisation to work with them as a whole project. It takes time and effort to establish or develop business ideas and plans that can lead to the recruitment of competent people (KAUFMANN; BECKER 2005).

2.5.1. Is a Mixture of Financial and Non-Financial Measures a Balanced Scorecard

Many managers and advisers who agree that they have built a Balanced Scorecard when they are supplementing traditional financial measurements with non-financial variables. But many of the most popular non-financial criteria, like satisfaction with customers and employees, are limited to financial measures. Firstly, they are delayed metrics, which tell how effectively the strategy of the business functioned in the last period but provide little information on how to go to the future. Second, they deploy generic non-financial criteria that are not linked to specific policy objectives that provide a sustained competitive advantage. Non-strategic indicators based on deferred scorecards are a restricted use of the total capabilities of the Balanced Scorecard.

2.6. Conclusion

From this chapter we can conclude that BSC has been developed to provide employees with the knowledge, skills, and systems necessary to innovate and develop the correct strategic capability and efficiencies (the internal process) that provide a particular value (the customer) to the market, which ultimately will increase the shareholder value (the financial)).

Kaplan and Norton's core notion is that these four viewpoints are a balanced view of every organisation, and that no significant area would be neglected in generating metrics under each subject. BSC is a system where it is critically affected by the methods for its implementation. Some actions may convey a true image of the company's performance, while others are misleading. When BSC fails, the input of the various levels of business units and departments is normally excluded. Furthermore, a lack of internal and external communication might lead to failure. Therefore, BSC's success is based on an information cascade and the harmonization of all business units and levels of management. The success of the BSC depends partly on how the action is accepted, its application, and how it is performed. The design of BSC is therefore critical for its success.

This chapter also helps to comprehend the balance score card adoption trend, with roughly 75 percent of the world's organizations taking a balancing card. It is crucial to note that also in non-profit organizations, as well as government organizations, it is commonly utilized the Balance score card. So, it is vital to look in detail at each and every part of the BSC from the statistical data from 1992 to 2021, that there are different ranges of firms which use balance score cards to improve their organization's performance. Here we will find the fundamentals of strategy mapping as it works and as it plays a key part in the successful implementation of the strategy. Along with the advantages of the balance scoring card we have seen several limits and the main drawbacks of the balance score card include timely data collection, which indicators are to be selected and problems to determine causal and effects.

Chapter 3

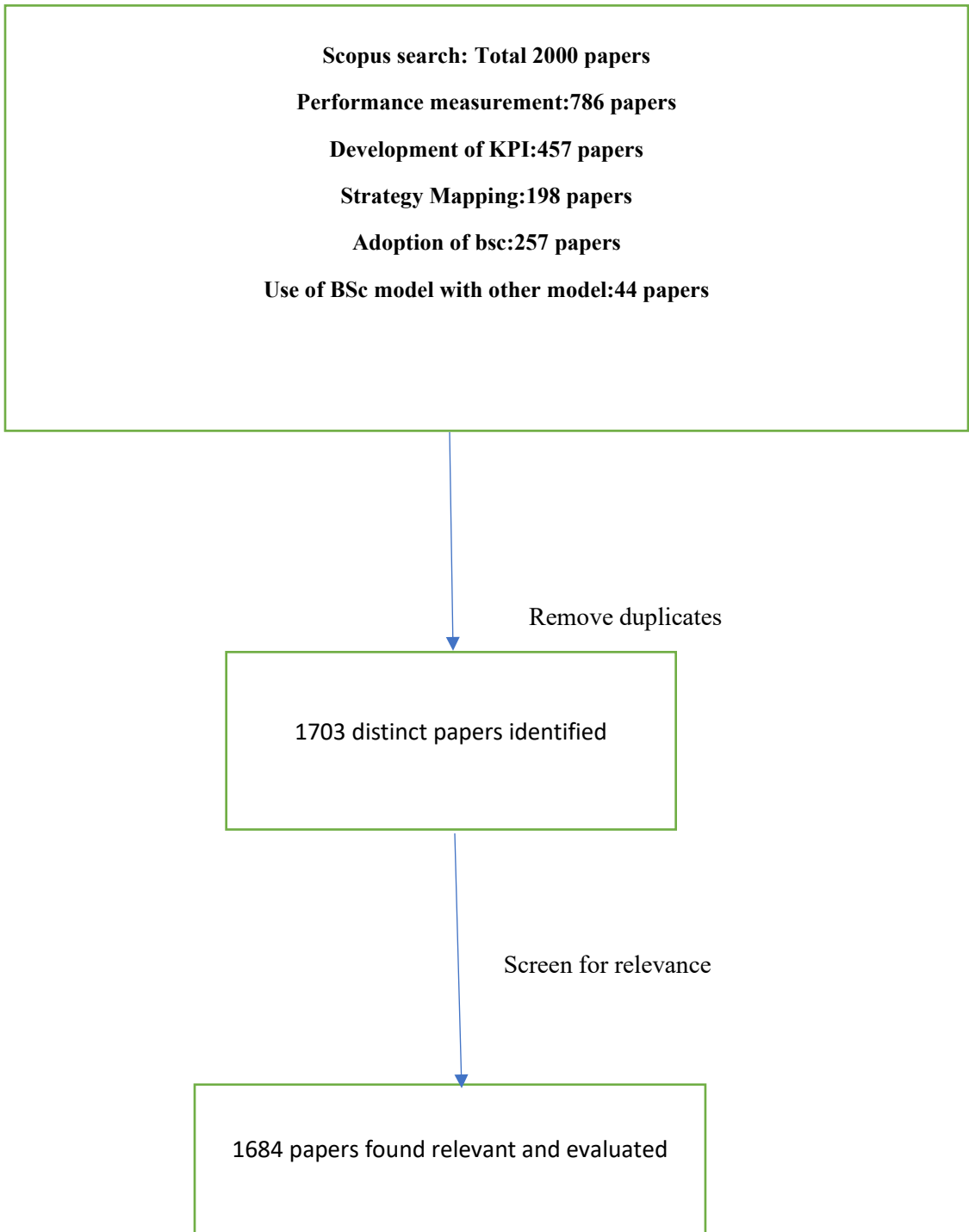
Statistical Analysis of Scopus BSC Research papers

3.1. Introduction

Modern organizations focus their attention on the importance of strategic management and control of the current and short-term objectives, and the corrective role of them in the strategic factors of the organization's success while utilizing external resources and ignoring the challenges. In the following chapter I will analyze statistics on the balance score card research papers available on the Scopus, to identify the various regions and organizational sectors where most research has been performed by the various researchers.

3.1.2 Comprehensive review

In the analysis of Scopus research papers I have gone through approximately 2000 papers and publications. Balance score card has a wide range of application in different types of organizations. after the analysis there are 786 performance measurement papers showing the use of balance score for the measurement of performance through balance score card. There are 457 papers on the development of Key performance indicators. The development of Strategy mapping plays effective role in the effective of the Balance score card and there are 198 papers which tells about the development of strategy mapping. Almost 275 papers are present which shows the adoption of balance score card. In the current scenario of development balance score card is used along with the other models and there are 44 papers are present on Scopus.



Types of Papers under analysis

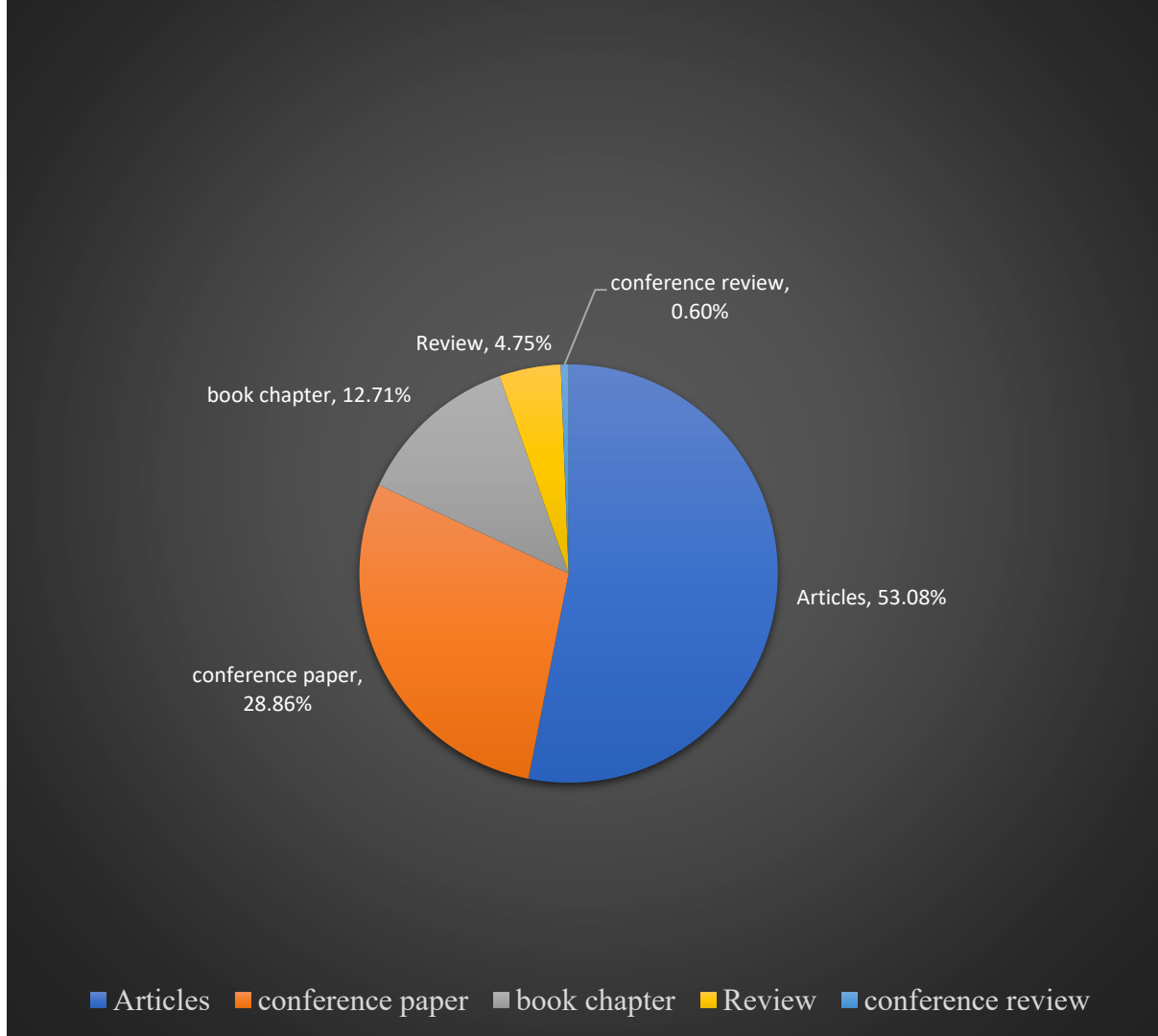


Figure 3.1 Types of Papers Under Analysis

Source: Data collected from Scopus Library

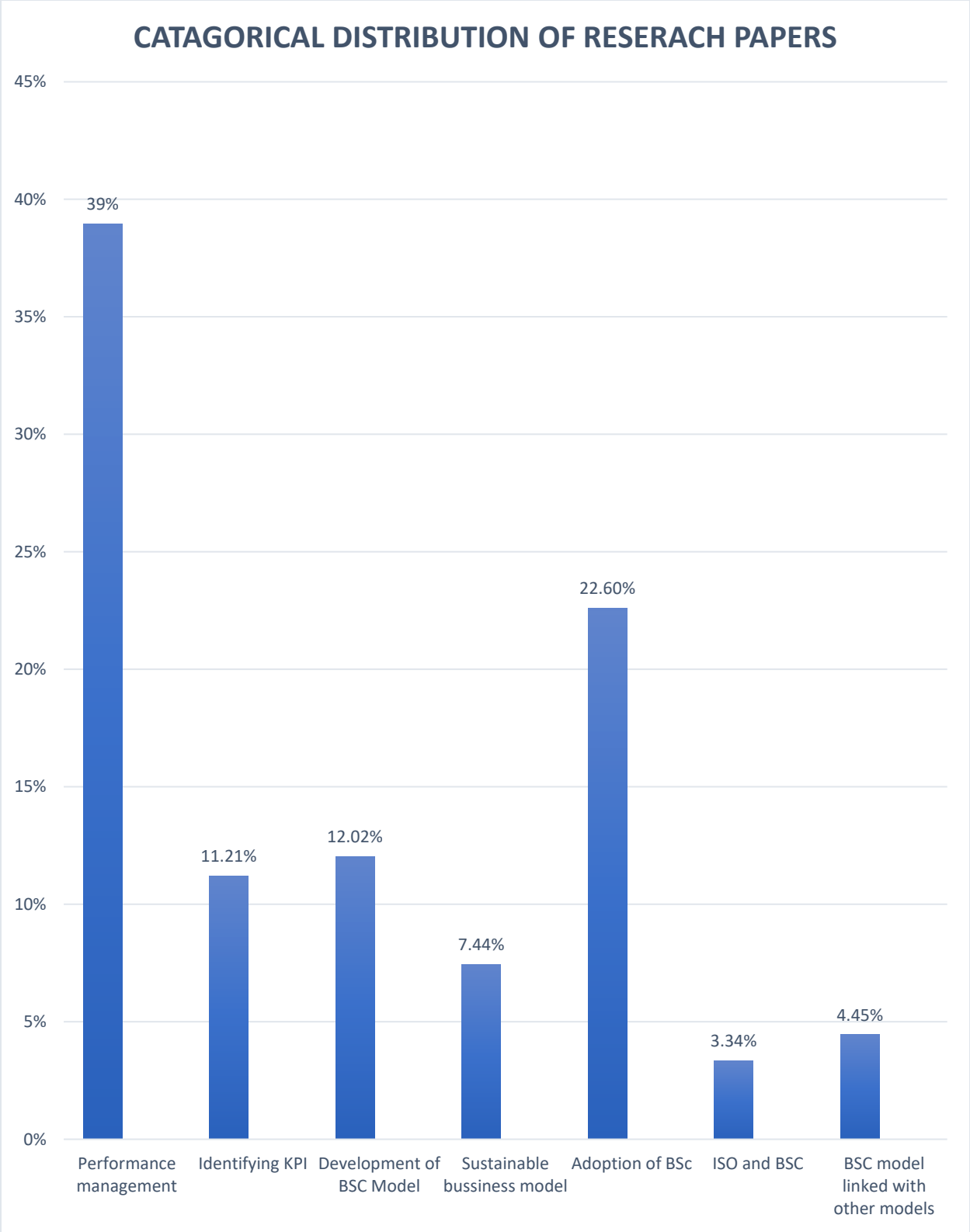


Figure 3.2 Categorical Analysis Of Research papers

Source: Data collected from Scopus Library

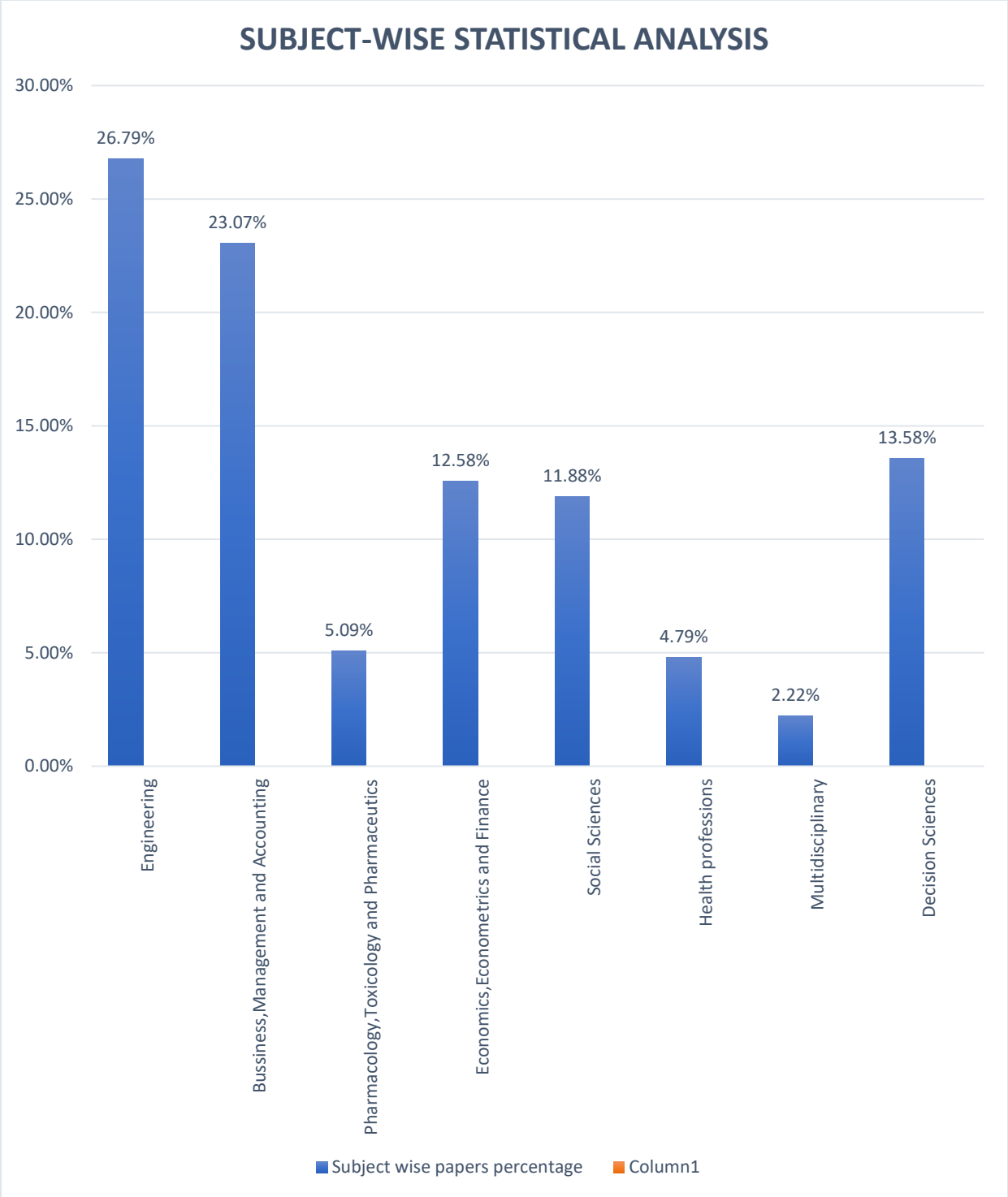


Figure 3.3 Subject-wise Statistical Analysis

Source: Data collected from Scopus Library

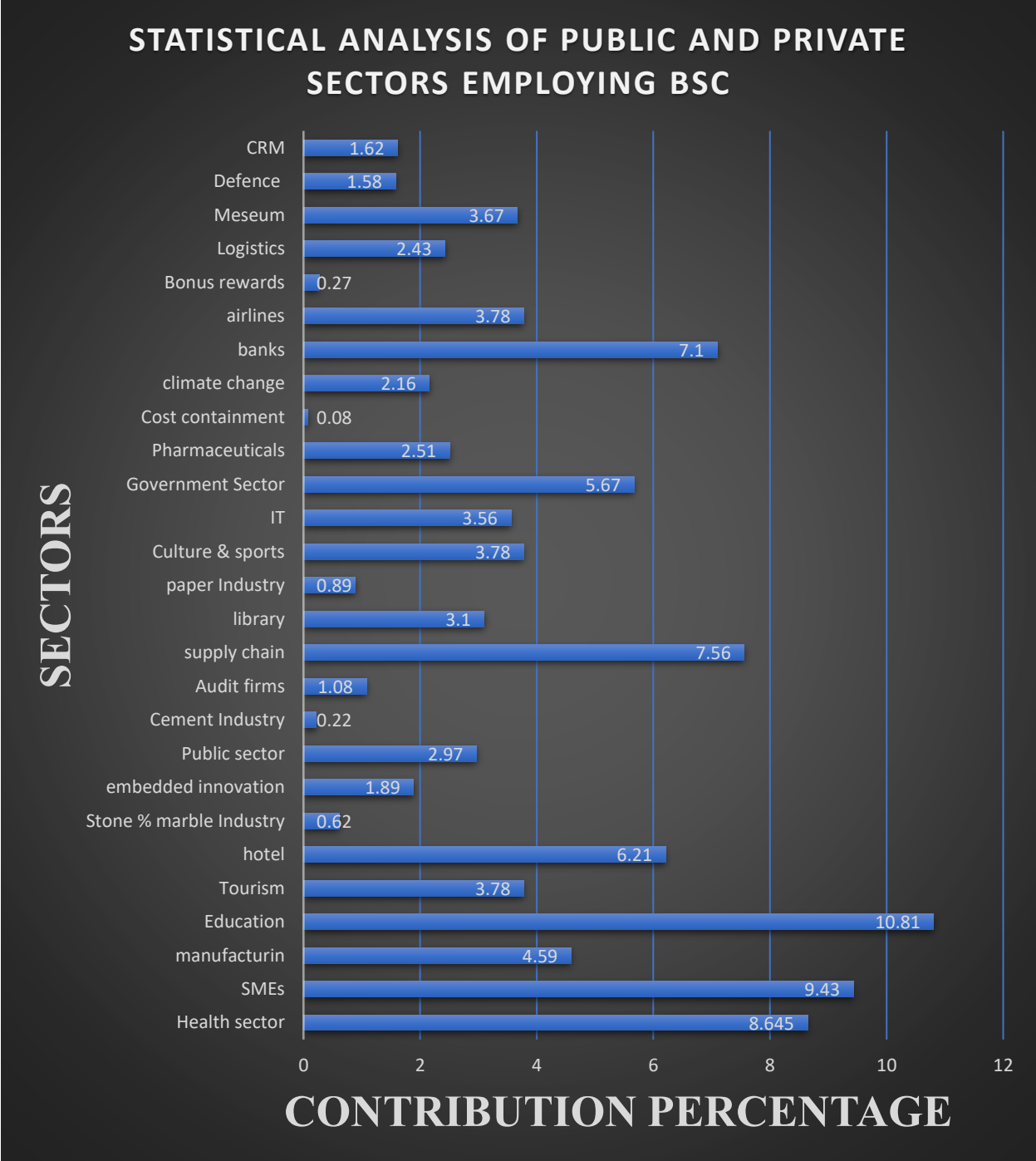


Figure 3.4 STATISTICAL ANALYSIS OF PUBLIC AND PRIVATE SECTORS EMPLOYING BSC

Source: Data collected from Scopus Library

3.2 Balance score card and Organizational Performance management:

The concept of organizational performance is extensively integrated through a balanced scorecard in strategy implementation. 'Non-financial' metrics have been described as supporting variables to improve corporate performance via motivating reasons. They also mentioned budgeting, planning and implementation of the formal program as helpful factors for optimal allocation of resources and the identification of key performance metrics. For increased corporate performance, the Financial Perspective will lead to tangible financial output. Includes return on investment, payment of accounts, per share earnings, operating expenses, etc. FP, also helps to achieve organizational objectives (financial perspective). With the power of BSC, the early adopters achieved enormous accomplishments. Results through BSC Strategies show that success of businesses is due to process development and expiry through a strategy management system, not to a new service or product introduction or new risk capitalization. As part of the application by BSC, it is also due to process development and maturity.

3.2.1. Financial Perspective positively influences Perceived Organizational Performance.

BSC is a relatively new concept in comparison to earlier systems, offering optimal performance and successfully delivering to businesses. Customer satisfaction, retention and customer acquisition are part of BSC's view of customers. It also promotes to a certain degree flexibility, operational characterization, and freedom of decision-making to improve the performance of a corporation. Consequently, customers' perspective can be used to impact organizational performance.

3.2.3. The Customers' Perspective positively influences Perceived Organizational Performance is developed.

Kaplan and Norton have established the basis for a balancing scoring to measure organization's performance. What you measure is what you get? Financial metrics were the major tool to access the performance of a company before the installation of BSC. Non-financial variables such as learning, and growth have therefore been overlooked. Financial measures relied on traditional performance management methods; in consequence, incorrect measures met dysfunctional conflict behavior and overlooked the strategic value of organizational performance management. The main sources of corporate growth are internal company processes and learning and growth. The balanced scorecard is a performance tool that improves the communication between organizations and helps you develop new ideas within an organisation. The internal scorecard process refers to operations, reworks, decreases in operating expenses, etc. Thus, a lot of studies aim to widen the scope and coverage of the internal business process, which suggests an organizational system that is more comprehensive and can contribute to the company's long-term success.

3.2.4. The Internal Business Perspective positively influences Perceived Organizational Performance.

The BSC's views on learning and growth include research and development, employee morals, employees' proposals etc. It states that to fulfil the ever increasing demand for organizing performance, the multiple-faceted concepts of education and growth must be recognized.

3.2.5. The Learning and Growth Perspective positively influences Perceived Organizational Performance.

With the passing of time, BSC has become a framework for merging vision and strategy. They provided a broad framework that could translate the strategic goals in a cohesive and aligned set of performance procedures for stakeholders or executives. Researchers consider that BSC can be implemented to boost the organizational performance in a company's strategic plans. In addition, it is also argued that the implications are mostly related to the deduction, realization and implementation of the BSC concept by enterprises. In many circumstances, BSC delivers various results for different organizations as a single organisation takes BSC and applies it as the system of performance management.

3.3. Balanced Scorecard and Sustainable Development

Sustainable development has long been seen as a secondary business function in the area of strategic management, but today's enterprises regard it as an essential and crucial business function for the future. The correct method to ensure that organizational activities focus properly on sustainability must be designed. The fundamental principle of sustainable development therefore has to be understood. Sustainable development is described as economic advancement without the depletion of natural resources and environmental sustainability. In addition, it focuses mainly on economic development, environmental sustainability and social values. The balanced scorecard works in conjunction with sustainable development by developing key strategies for firms to work smoothly and responsively towards future objectives. Due to this requirement for sustainable development processes, the equalized scorecard is an emerging discipline that integrates these two vital principles, which are crucial players in sustaining corporate performance. Unternehmen need to upgrade their management system because of increased pressures to significantly improve production and efficiency and to ensure a secure but ready system to deploy without damaging nature. The system should be easily understood. It must, in addition, be a holistic management strategy that can guarantee high-quality corporate operations with a focus on environmental security. BSC's four views are integrated into sustainability through the enlarged format of the Balanced Cart, which has been well known as a sustainable balance Scorecard. In addition, a known sustainable strategic management system is the natural appraisal of strategic thinking that satisfies environmental and social standards, as long as its policy and regulatory aspects support a stable business environment. In addition, a number of academics highlight the potential gains and contribution to sustainable development by creating a balanced scorecard to achieve competitive advantage. They issued a balanced scorecard for sustainable development

3.3.1. The Financial Perspective positively influences Sustainable development.

BSC is an intrinsic indicator of its customers' view of a balanced scorecard that contributes significantly to sustainable development. It also states that the perspective of customers is more profoundly influenced in order to achieve organizations' sustainable development goals.

3.3.2. The Customers' Perspective that positively influences Sustainable development

In order to make sustainable development a routine business, many businesses are now focusing more than ever on the notion of sustainability as their natural approach to the strategy being implemented. The social and environmental fields of sustainability also grabbed scholars' attention alongside the economic field.

3.3.3 The Internal Business Perspective positively influences Sustainable Development

Execution of education and the prospect of growth of the BSC Concept has not only changed the perspective and perception of the organizational strategy's process of implementation but also shown a desire to integrate the sustainable development process into future growth.

3.4. Balance scorecard and strategy mapping:

The ongoing endeavor, generally by integrating decision-makers and executives with professionals and employees, is aimed at enabling the communication of business strategy, product and service offerings with real duties. These relationships are required to bring people, goods and services into line with long-term business goals and plans and further help ensure that IT systems are developed and designed in line with their business strategy to tackle the ever-present business IT alignment problem. Different research alignment efforts have addressed the difference between the business strategy and system development needs. Some use map formalism in combination with business processes to capture business intentions. Some others map languages/notations to strategic objectives directly. Concepts from diverse goal modelling languages/notations combine task goals with business goals, and efforts are made to combine goal modelling with value modelling.

3.5. Adoption of BSC

Strategies change very fast, but not the way they can be measured. BSC was initially offered as a performance assessment system, which was crucial to the implementation of strategy (SI) and was later developed into a strategy management system. Under the current economic scenario, characterized by constant changes, the correct monitoring of the quantitative and qualitative data impacts on the financial and operational performance of organizations, creating issues for SI, especially for mixed-economy

corporations (MEC). By systematizing them in four separate viewpoints, BSC facilitates the administration of such information. The BSC concept of performance assessment and control aims, according to Kaplan and Norton, to integrate traditional financial perspectives into three other perspectives relating to customer satisfaction, internal process improvement and employees' know-how and progress. The literature has shown the benefits of BSC in public and private organizations. BSC has

3.5.1. Balance scorecard and Key performance Indicators

By not conquering vision obstacles, human barriers, management barriers and resource hurdles, the strategy cannot contribute to the success of the company. Because of the inadequate implementation of the strategy, companies failed to allocate and infuse just a percentage of their resources into the activities required by the Strategy. Managers are compensated for their better competitive understanding and their respective approach. Ironically, 70% of the CEO has not failed due to strategy, but due to bad performance. If not effectively implemented, the strategy could be nothing or even worse. Companies were using financial indicators that were always a few months later after things were done to assess the business performance. Such lag effects cannot provide significant information on how and when faults should be corrected, or opportunities improved in due time. The Balance Scorecard (BSC) has attracted greater attention for assessing business success, as introduced by Kaplan and Norton in 1992, incorporating non-financial and leading variables into traditional financial indicators. Extensive study has shown its efficiency and strength by assessing the performance of appropriate strategy dimensions in a timely manner for the management of the efforts and allocation of resources in varied sectors. BSC may be used in practice to develop indicators and adjust strategic action choices, as well as to strengthen strategic learning and feedback. BSC is so widely adopted by companies from many industries to assess performance and to define strategies. For example, there is plenty of non-profit and non-profit businesses that follow the BSC methods, including hospitals, hospitality companies, government services, otherwise used in manufacturing industries.

It is essential to determine adequately the criteria to be incorporated in the relevant aspects of the successful BSC adoption. BSC students and professionals typically advocate that no single dimension jamming factors be used. There are only limited measurements or components which are lagging or leading tightly linked to the plan. The history of the strategy can be explained by an integration of components of all dimensions in a BSC system. In this view it is crucial for both success and strategic performance to decide factor and measurement of each dimension under stringent restrictions. An analytical hierarchy (AHP) is usually used in multi-goal decision-making in a modern world in a scenario of uncertainty. As part of a multi-goal approach an easy and transparent hierarchical structure that is usually acknowledged by industry experts and important decision makers can depict a suitable complex system using AWP. BSC is a strong and

effective technique, as discussed above, to efficiently turn the Strategy into workable and traceable routines. A set of essential indicators, carefully identified for the appropriation of resources, is required in order to match with the company strategy and to modify the task environment of business meetings. A BSC model integrates financial, customer, learning and development components and internal company processes. It is a multi-goal approach that leads to decision making where there are several criteria.

3.6 Conclusion

In conclusion, it can be noted that the balanced scorecard methodology is a useful tool not only for production organizations but also for services ones from a wide range of areas.

The contribution of this chapter is that it tells us about the areas of research work of balance score card. from the statistical work we can conclude that most of the research are being done for the improvement of the organizations performance, identifying KPI and it's also talks about the sectors in which balance score card is gaining attention and adopted.

Chapter 4

Case study: Kirin Brewery

4.1 Introduction

In this chapter, I will examine the problem faced by Kirin Brewery Company (Kirin) and how Kirin solved their management issues by adopting the Balance Score card concept.

4.1.1 Profile of the Company

Japan is Kirin's home and its corporate origins date back to 1870 when the SpringValley Brewery, the Japanese first brewery, was set up in Yokohama by W. Copeland, an American entrepreneur. The company was established in 1885 as the Japan Brewery Company, Ltd. and in 1888 it established a German-style warehouse under the Kirin Beer brand. In 1907, Kirin Brewery Company changed its name. The company has diversified over the years into a large range of goods, including soft beverages, drugs, supplementary foods and nursery items. Overview Diversification started around the end of the 1960s, when Kirin used its existing distribution and sales force to enter soft drinks or whiskey sectors. Other companies were involved in a second phase of diversification based on the company's own patented beer manufacturing methods. Kirin's workforce was about 30.464. Kirin ranks worldwide among the top 10 depending on income.

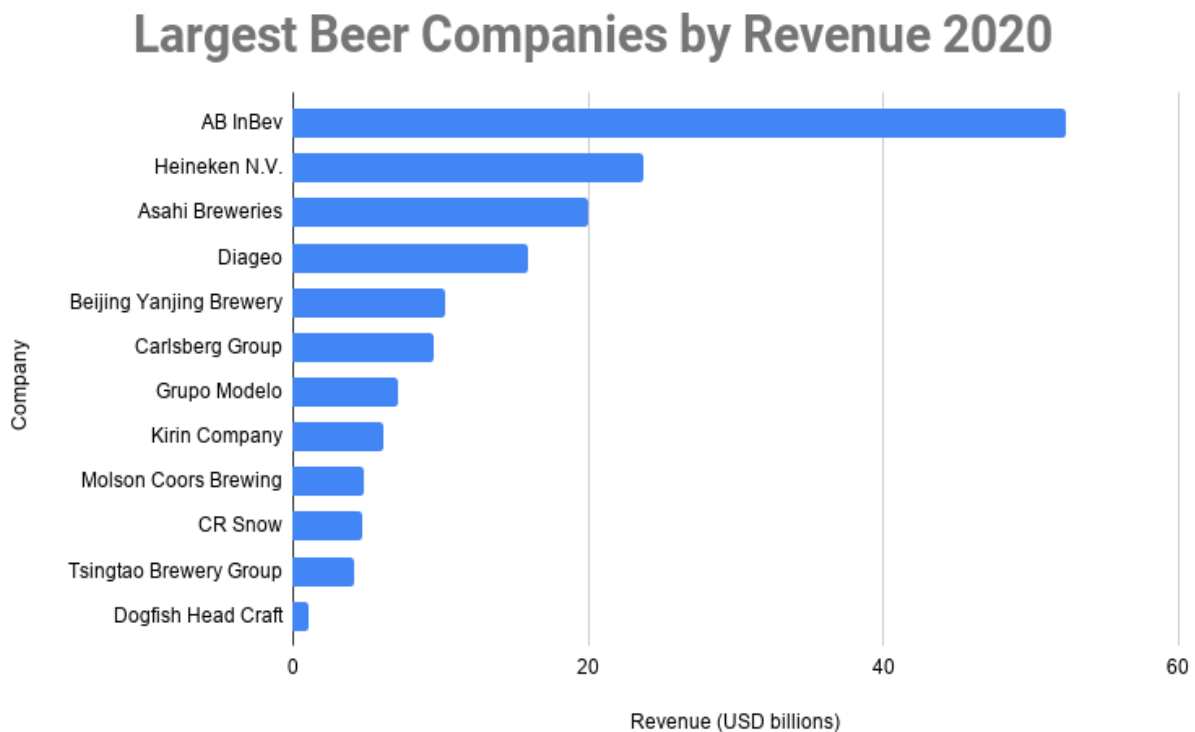


Figure 4.1 Beer Company Ranking

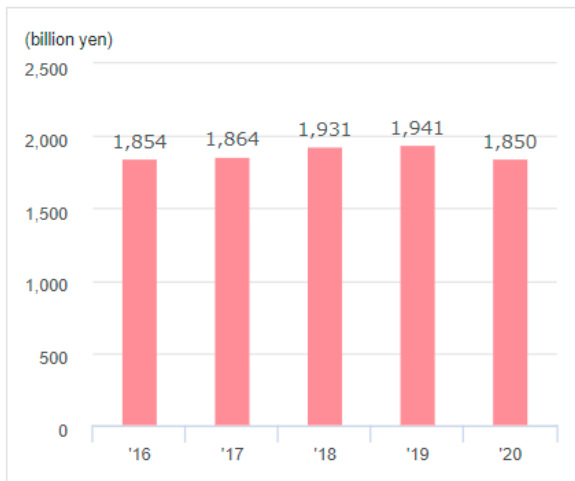
Source: <https://www.statista.com/statistics/227197/leading-10-brewing-groups-worldwide>

Kirin at a Glance

Date of incorporation	February 23, 1907
Main Businesses	Alcohol beverages, drinks, pharmaceuticals
President	Hedeki Horaguchi
Employees	30,464, Patent : 64,028
Consolidated sales	2,459,363 million yen
Consolidated Operating Income	5,400 million yen



Consolidated Revenue



Consolidated Normalized Operating profit

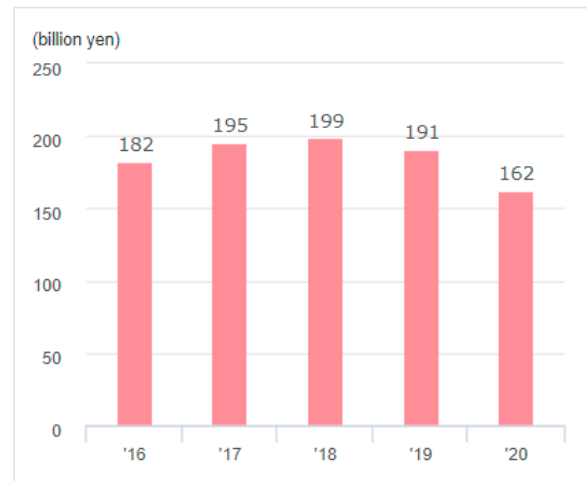


Figure 4.1.1

Core operating Profit

Billions of yen

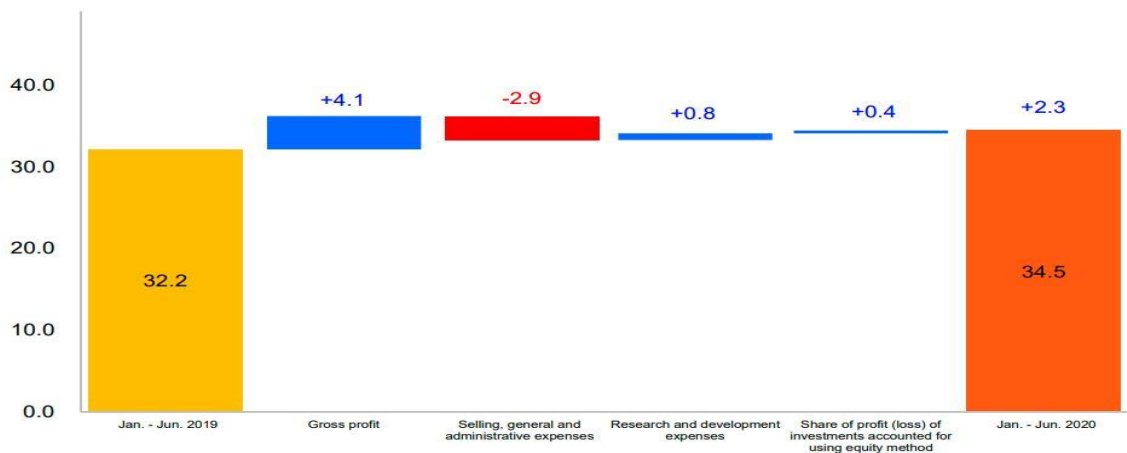


Figure 4.2

Revenue by Region

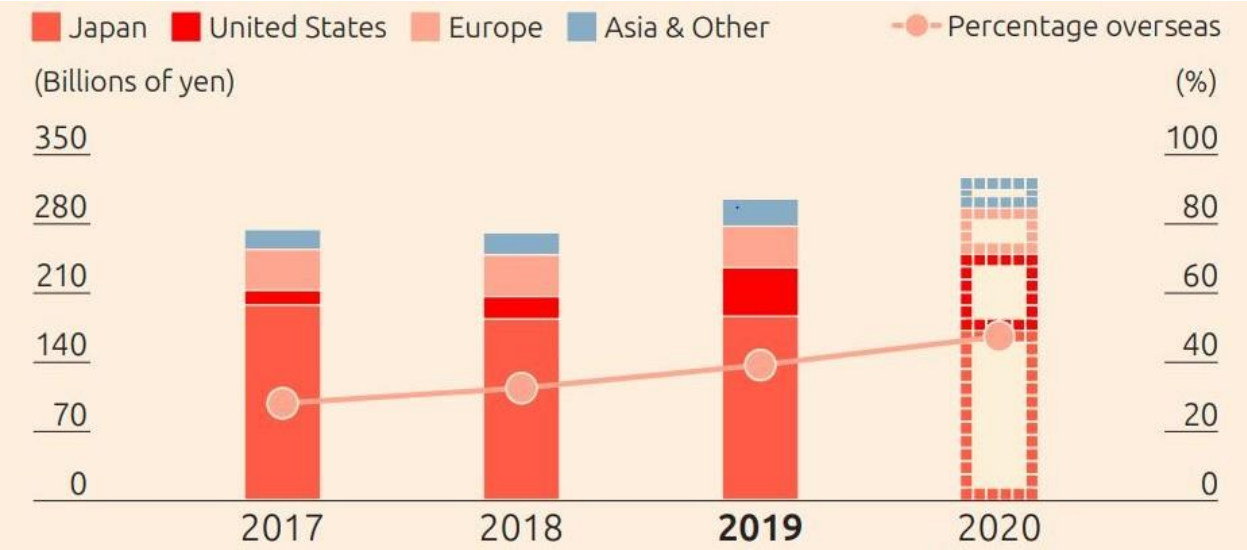


Figure 4.3

Percentage of Revenue by Business Segment (FY2020)

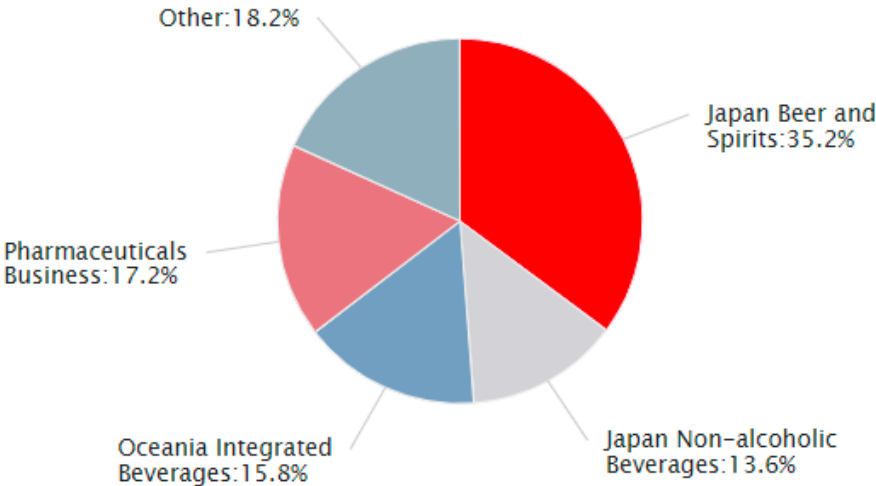


Figure 4.4

Percentage of Normalized Operating Income by Business Segment (FY2020)

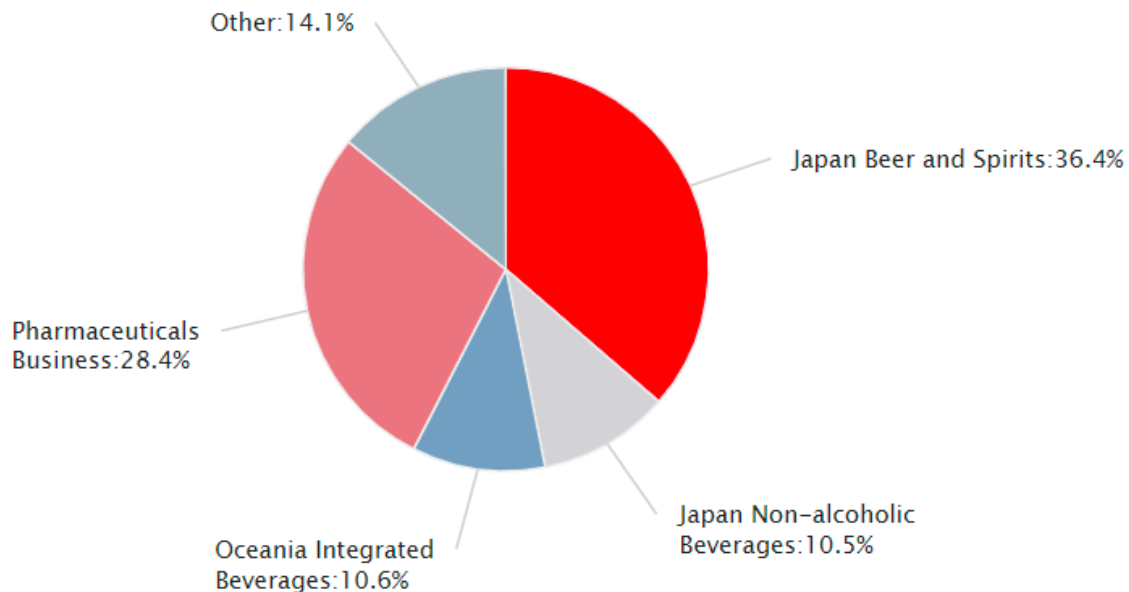


Figure 4.5

4.1.2 Introducing the Balanced Scorecard Concepts:

In Kirin's view, Fy2001 was not just the beginning of the new medium-term plan, but also the year in which modifications were required, as annual sales of low alcohol drinks were obvious to not meet their targets. In the Japanese beer sector, Kirin would therefore lose her dominating place since 1954. While the actual truth of the fact that Kirin would fall second harmed the morale of non-alcoholic staff and other employees, while this was foreseen for several years. This is also the case. As such, Kirin's President Dr. Aaramaki has issued to all employees across the corporation a "New Kirin Declaration." The following four points can be summarized:

- * Action as corporate philosophy
- * Focusing on resources for the low alcohol company always complies with our "Customer standards and quality standards" policy.
- Improve synergy for all functions of Kirin.
- * Develop a fluid and energized culture that can produce new thoughts and initiatives

The aspect highlighted in the declaration was that employees should recall the primary philosophy of Kirin. In 2001 when Mr. Aaramaki began office, he walked around several of the country's sales genba (field sites). As a result, he believed that good sales were dependent on the workforce in each genba, which continuously focused on rebuilding customer connections and

attempting to align with the management of the customers. He also believes that the distinction depends on their compliance with the underlying principle of Kirin. In the statement, therefore, he emphasized that he stick to the fundamentals rather than strive to achieve numeric objectives. The President asked all staff to examine their actions in the perspective of the customers since he felt that competitive thought had gotten common within Kirin, instead of customer-driven thinking

Corporate Philosophy

*We contribute to the health,
enjoyment, and comfort of people
all over the world.*

Corporate Guidelines

Customer Standards/Quality Standards

We strive to develop our own technologies and supply products and services that are valuable to customers.

Fair and Open Activities

We strive to be a trustworthy corporate group by engaging in fair and open business activities.

Respect For Humanity

We **strive to be a** corporate group in which individual employees can exercise their initiative and creativity and enjoy a Rewarding work life.

Sound Management

We strive to develop our management infrastructure from a long-term and global perspective and to continuously fulfill our responsibilities to customers, shareholders, the communities where we do business, and employees.

Social Contribution

We continuously strive to make positive contributions to society and to take global environmental concerns into consideration in our business activities.

Kirin Brewery's corporate philosophy

As competition was severely fought in the Japanese beer sector and competitors captured Kirin, the corporation mainly started to focus its attention on the competitors and lost sight of customers' views. A few beer producers control the Japanese low alcohol sector as an oligopolistic market. There is little doubt that market share is an important signal, because all businesses desire economies of scale, and rivalry tends to override market share. Although market share was one means for Kirin to build customer confidence, it was believed by senior and intermediary Kirin employees, especially senior and mid-level managers, that a high market share was the key strategy to retain the number one position of the company.

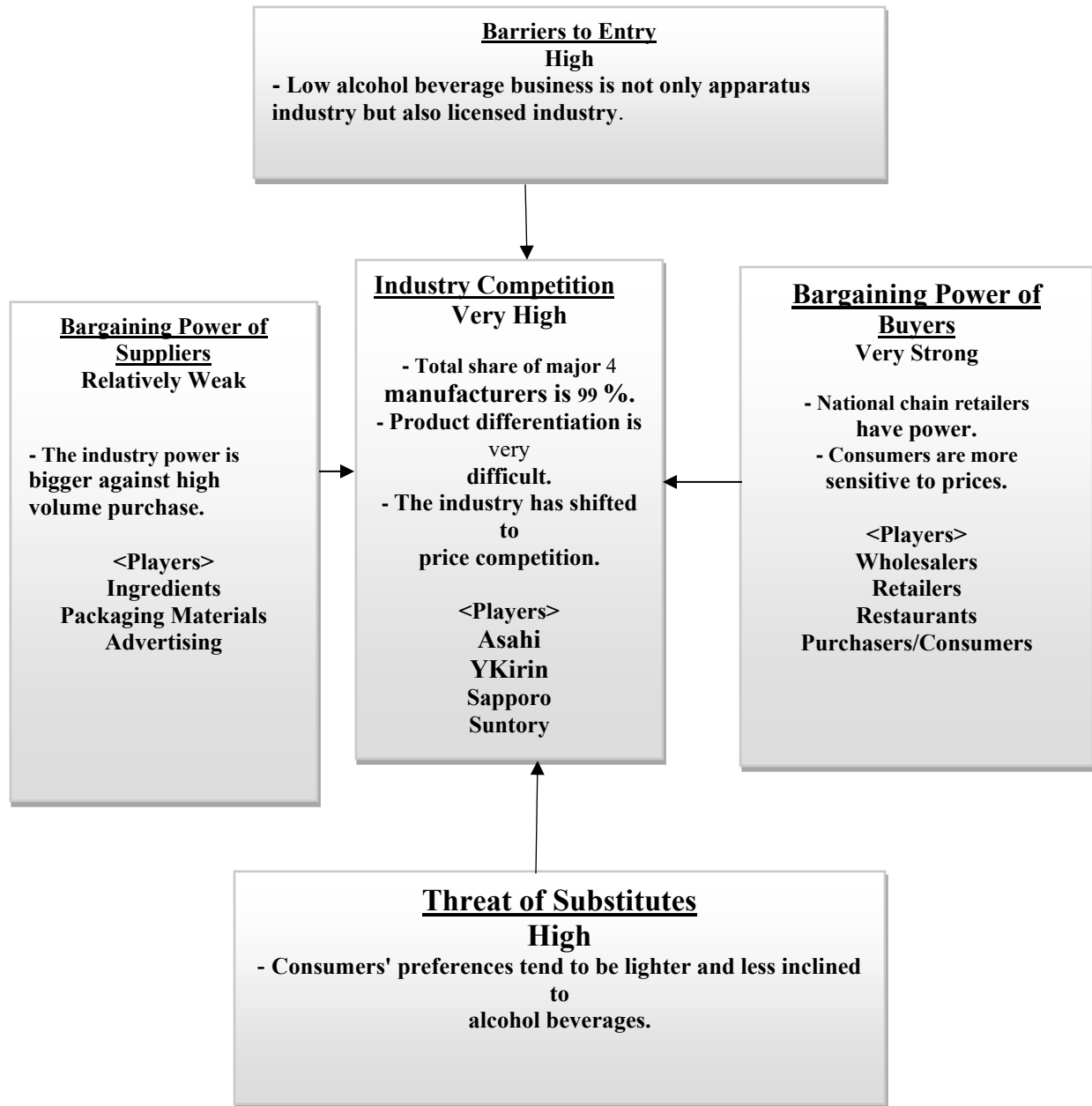


Figure 4.6 Five Forces Analysis of low-alcohol beverage industry in Japan

At Kirin, the word "customer" denoted end consumers and buyers, but not wholesalers or retailers, both of whom were defined as "partners" that supplied customers through cooperating with each other with the value of Kirin's products. Due to its past success, Kirin has steadily started to see it as the final client, depending on those partners. Kirin so also started to rely his behaviour on the perspectives of these intermediaries. Kirin spent a considerable deal of his money on these intermediaries despite the fact that, as new retailers like national supermarkets and convenience stores emerged, they began to lose influence quickly. The Sales Division tended to conduct short-sighted action to broaden the corporate market share before the company realized it and not necessities from the client's perspective, even in spite of a substantial changes in channel structure. The New Kirin Declaration asked all employees to transform their mindset by stressing the key to achieving the organizational objective of the company's 'customer standards and quality standards.' In addition to the statement, the President ordered modifications in the management system to reach deep within the organisation with the purpose of the statement.

4.2The Delta Model

The Delta model (Hax and Wilde, 2001) is utilized in three ways: the "Best Product," 'Total customer solutions,' and 'System locks-in,' often to illustrate a strategic option of an organisation. Those strategic alternatives are explained by the Delta model:

* ***"Best product"***: this is a low cost or differentiated choice based on conventional types of competition. Its economic drivers focus on a product or service. By improving the product attributes, a company can differentiate in order to offer value for the client. This differentiation can be achieved by technology, brand images, new features, or special services. By this method, organizations link to customers by providing their product or service with the intrinsic superiority.

* ***"Total Customer Solutions "* option**: This option is based on an extended range of products and services that meet the customer's requirements most, if not all. The focus is not on the economy of the product but on the economy of the client. A corporation could offer a wide range of products and services tailored to the demands of a particular customer. In that sense, consumer market share is the most important metric of the performance of this alternative.

* ***System Lock-in option***: This is the most far-reaching. The corporation takes all the significant participants in the system, which contribute to economic value creation, into account instead of focusing exclusively on the products or the consumer Bonding is quite influential in this position. The company, together with normal industry partners, focuses in particular on cultivating,

attracting, and maintaining "Complementors." A supplier is not a competition, but a service provider which improves the offer of the company. (Hax Nicolas, 1999)

4.3 Overview of the Beer Business at Kirin

4.3.1 Before World War II

Kirin has tried to develop its operational efficiency since the start of the alcohol sector by adopting three major competitive advantages:

"Kirin Beer" was perceived by the public as a "genuine pilsner lager beer." In keeping with its beer brewing technique Kirin was fiercely committed to both product quality and cost management. It maintained business philosophies like quality first and sound management on an ongoing basis.

Kirin reached his unique position by these managerial techniques, although he was a marginal beer business player before World War II. This is because both a product and a brand image have successfully been built in Kirin's activities.

4.3.2. After World War II

After the war, Kirin appeared to be aiming for "Customer Solutions." Kirin aimed to match the consumer's desire to drink beer at home with the aim of off-price markets where the consumption of beer explosively increased. Kirin has built a door-to-door supply network for bottled beer centered around innovation in its logistics system, as well as measures to build distribution roots incorporating wholesalers and retailers, and is developing manufacturing bases across Canada. The efforts of Kirin were good-looking. In addition to the distinctive positioning before the war, the success of the customer relationship improved not just Kirin's branding image, but also its total cost overall. And Kirin already has better low-cost operations in production.

4.3.3. Seizing the Lead

The prevalent view has been "Beer means Kirin" since the early in 1950's. Finally, in 1954 Kirin grabbed its rivals as the major industry player. For so long Kirin's position as a leader in the Japanese beer business would be based on strengths developed by adaptive processes. In 1966, Kirin had more than 50% of the market and began to diversify into soft drinks in 1960, while he became a harsh drinks business in 1970. This is especially designed to meet the desire of our clients to drink at home comfortably, and by using their powerful distribution network, Kirin answered this need. I'd say that was part of its strategic "customer solutions".

4.3.4. Crisis of Corporate Breakup

By 1979 the company owned 63 percent of Japan's beer market. The Fair-Trade Commission threatens at this point to break the Kirin into two independent firms working in accordance with the Japanese Anti-Monopoly Law and to prevent it from acquiring a market monopoly. At the end of the day, Kirin stayed intact but had to stop most of its sales activity voluntarily for some time to prevent recurrence of the argument. The connection between Kirin and customers and between retailers and Kirin began as a result of this occurrence.

In the 1980s the sales of bottled beer started to drop as Japanese lifestyle changed and new retailing companies arose. This was because these new developments encouraged consumers in new outlets such as supermarkets with which Kirin became less acquainted to pick canned beer to use at home and buy its beer. Kirin reacted slowly to these two adjustments, and quickly began to lose his supremacy in costs.

4.3.5 The Competition

By the end of the 1980s, Kirin's sales were greatly adversely affected by the release of the new product from a competitor. Not only many previous Kirin consumers, but many new light users, including the women and the younger generation, caught up in the new product.

Beer producers generally have difficulty in taking the strategic choice to continue developing unique products, because the inherent features of beer make it difficult to generate clear differentiations in taste. Therefore, even the competition, which has been so successful in its innovative product, has not released the following invention and has instead concentrated on its efficient operations: (1) the freshness of its product and (2) its business efficiency improvements. The competitor so sought to strengthen his corporate brand image.

4.3.6 Losing the Number One Position

Kirin tried in the 1990s to rally to changing lifestyles by modifying their existing channel policy, because it had slipped behind the times. In 1990, Kirin launched several new brands successfully. These efforts did not, however, lead Kirin in terms of cost superiority and brand identity to previous levels. Although the beer of "malt beer" category was successful in 1998, the competition further strengthened their strength, i.e., their value as a company, which reduced Kirin's value in

comparison to the competitor. So, Kirin lost his number one position in the beer business to the competitor at the end of 2001, with the loss of two of its strengths previously enjoyed by Kirin as part of its competing worth. From the Delta Model's perspective, Kirin has picked a strategic best product alternative, with Kirin continuing to strive for the creation of a customer-bonding process – a process with the whole of its history that it has been struggling.

4.4 Problems in the Sales and Marketing Division

Kirin established a project team in October 2001 in the aftermath of the Kirin New Declaration to revamp the management system in the Low Alcohol Sales and Marketing Division. ⁴ While it was not the only source of bad performance in the low-alcohol sector, Kirin concluded that it was the best way to improve both company and employee morality. That is because the Sales and Marketing Division has a big impact not just on the resources consumed by Kirin (i.e. the labour and budget) but also on the psychology of other departments inside the company. Although other branches do their best, Kirin has less chance of overall success, if the Sales and Marketing Division does not improve.

4.4.1 Problems in the Division

The project team has discovered management problems in the Sales and Marketing Division, in addition to the problem mentioned by the President, as follows:

* Sales and promotion operations were obsolete, as were the structure of the division, despite the conditions had significantly changed. Even simple communication was not adequate to breach the plan.

* As a division system, the strategy's PDCA cycle was not working properly. Despite the local branches being empowered, Kirin had less opportunity to negotiate in terms of sales promotion concerns, as national chain merchants were becoming stronger. Rather of empowerment, Kirin centralised in the headquarters the power of decision-making. On the other hand, the Sales and Marketing division headquarters rarely managed local branches, as a pernicious effect lingered on knowledge of the rights of branches incorporated in the empowerment policy. The headquarters could therefore not immediately take decisions.

* Leadership confusion raised the time needed to attain unanimity in the Division. It could not, as a whole, create value from the point of view of customers. In addition, misunderstanding also made

it vague that results would be accountable. The headquarters did not give branches the ability to share marketing strategies and strategic goals, which branches can depend on when they conduct sales operations on their sites. The plan was less committed to a process of planning with less communication in the division. At the same time, because of inadequate communication, the plan itself became excessively comprehensive. A plan like this made it harder for branches, given the circumstances, to understand the purpose of the head office, how it would be implemented and why. In the development of an annual plan, only quantitative targets such as sales, profit, share of the market, budget etc. were discussed. You did not have a systemic approach of monitoring and reflection on intermediate processes to reach these goals. The PDCA cycle was not rotated, with neither check nor act repeating Plan and Do. Many of the difficulties of the division could be ascribed to delays in implementing modifications.

This was originally a concern because the division was not able to abandon earlier achievements. The Division encouraged local branches to quickly meet changing conditions since 1997, but it did have some unfavourable effects largely because the power transition across channels had been quicker than Kirin anticipated.

4.4. 2 Identifying Issues

When the problem was recognized, Kirin identified the set of issues shown below:

Penetrating the "New Kirin Declaration" within the Division:

The organisation simply cannot change constantly by mumbling the value of business philosophy. We need to know who the client is for us and what quality the customer is through the segmentation of the consumer, and then make sure that the "Customer Standard and Quality Standard" are met and how

Developing the sales and marketing strategy with high quality:

* High quality has two meanings: (1) the extent of the relationship between cause and effect between targets and financial targets and (2) how each division operates in alignment with the plan. In the Division, we must maintain coherence vertically as well as horizontally.

Rotating the PDCA cycle of the strategy speedily:

* It is unlikely that the financial indicators will be goals to take action. There is no route, except to rotate the PDCA cycle, in particular to execute checks and laws, to improve the quality of the plan. We need to begin to develop from this rotation a new learning approach.

Following case studies and benchmarking work by other organizations, Kirin opted to incorporate the Balanced Scorecard methodology as the backbone of the new management system, because it is considered that the Balanced Scorecard is the best way to address these matters:

* Structurally showing the entire strategy and processes to the target; *developing the strategic strategy from the viewpoints of the customers; * increasing the strategic quality and organizational capability of building the Strategy; * sharing vision and strategy within the Division; * fostering communication on the Strategy theme; * improving commitment to the goal.

4.5 Adoption of Balanced Scorecard in Kirin

It was pretty uncomplicated to Kirin to embrace the Balanced Scorecard. Where many companies would develop proprietary methods like as tools, processes, etc., instead, Kirin was still at the core of the administration processes that are part of the Balanced Scorecard. "Kirin's innovative and strategic management system (KISMAP)" has been identified as its new management system.

4.5.1 Definition of "Customer"

It was because these solutions had the customer perspective as an express component of their format that Kirin wished to enter customer standard within the division and why she decided to implement the Balanced Scorecard. Therefore, when designing KISMAP, Kirin remained with the quadrupled model concept of "client." As final customers and buyers of Kirin's products Kirin has defined "customer." From the past to compete with competitors, Kirin tended to pay most attention to market share based on performance indicators in management, and these were the requirements for how much they increased the market share. As market share was mostly defined by volume of shipments to wholesalers in the low alcohol industry, Kirin and its competitors tended to believe that consumers were both wholesalers and retailers. That thought was one thing that Kirin wished to change. The Division Manager plainly expressed that the market share, while was certainly an

essential metric, was used to measure the acceptance of customers that was not its principal objective. Moreover, wholesalers and retailers were identified as partners for the joint delivery of customer value and placed at the top of the internal business process view. In addition, Kirin wanted to remember the Customer standard, although they could not directly touch customers, both indirect organizations and those in direct organizations. Kirin did not want them to conceive of their customers as direct organizations. When there was a disagreement of performance between a direct and indirect company, Kirin wanted them to decide on the best approach from the point of view of true customers. When a direct organisation is viewed as a client, the direct organisation should always answer "yes." Therefore, Kirin made a significant adjustment in the definition of client.

4.5.2 Basic Process and Components of the New Management System

The existing management structure and style of Kirin was traditional and was based on the Housh management system, like other Japanese corporations. In KISMAP, even after the implementation of the Balanced Scorecard, items management had to worry about with regard to strategy have altered little, at least on the surface. The largest difference from the current system is the thought and communication of the new definition offered by the new framework, not in a competing way, or for the convenience of Kirin, but from a customer's point of view.

The procedure obliges managers to go back and forth, which takes time; however, there is now significantly more information in the Division. Moreover, these operations cannot be carried out on their own; vertically and horizontally, they require extensive communication inside the Division.

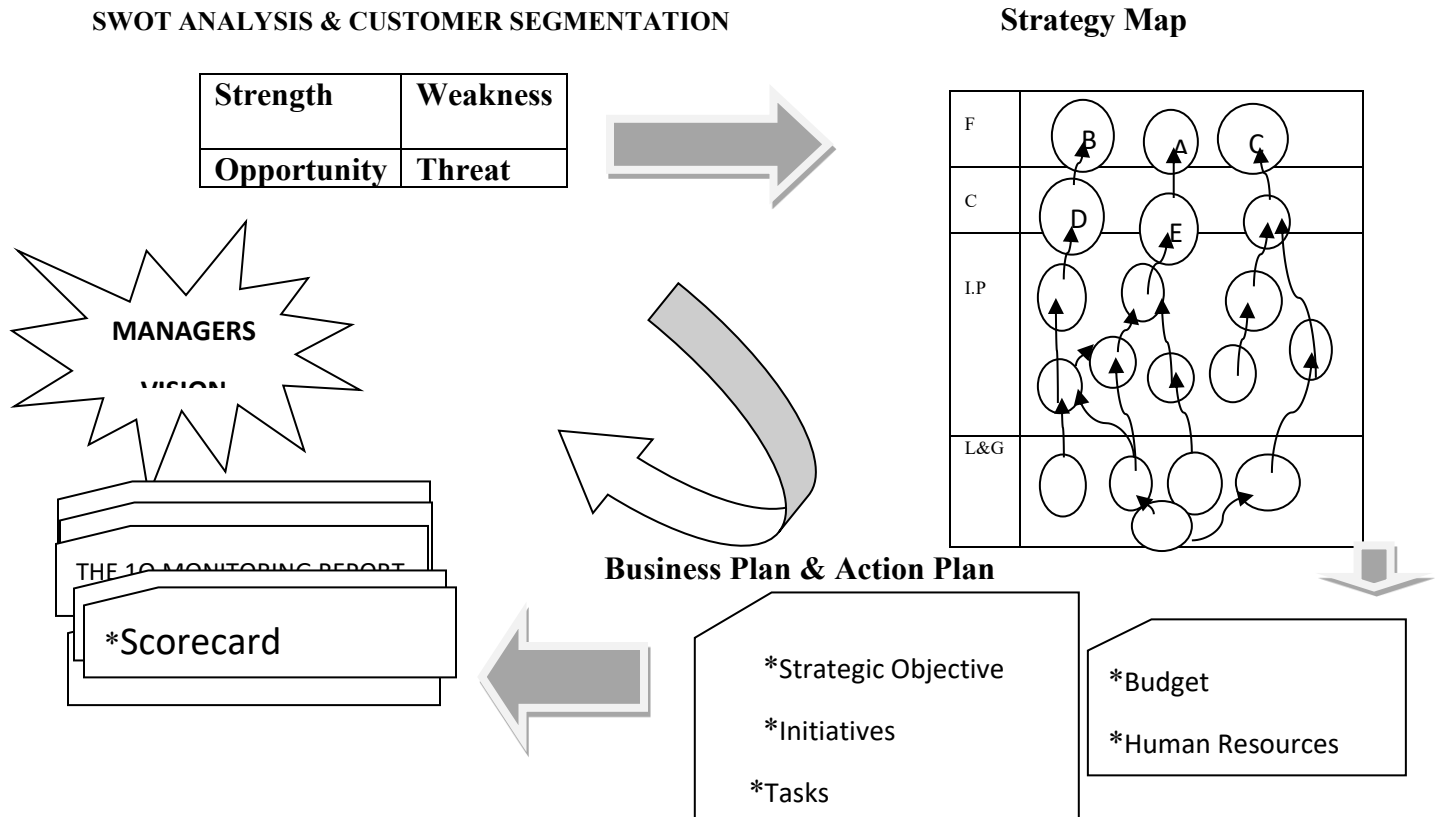


Figure 4.7 Main Components of KISMAP

In designing a plan at the level of each manager, a manager provides a vision following the policy of a top manager. He/she then carries out the customer definition and conducts a SWOT analysis that takes a look at the past strategy and activities, including how much the company has improved. Thus, the manager builds a "success scenario" that contains strategic positioning, important success elements, strengths to be improved and weaknesses to be overcome. In addition, various ambiguous strategic goals and aims currently appear in the scenario. The management then divides the scenario into strategic goals, indicators and targets using a strategy map to clarify the relationship between cause and effect of strategic goals. The procedure allows managers to specify the volume of resources, including budget, staff, assistance from other departments, etc. It is thus easier than ever to build an action plan.

These processes are translated by an action program into a scorecard that is utilised for both the strategy assessment and the manager's performance assessment with the strategy map. The current management system simply required a business plan in terms of planning output. This was both the pre-process to these results and the post-process, after these results were produced, which Kirin mainly enhanced with the Balanced Scorecard methodology. Moreover, it became easier for Kirin to monitor and assess strategy progress and results for this process in terms of the PDCA cycle. Most Kirin managers had previously

expressed their vision, carried out SWOT analyses on the basis of segmentation of customers, and as part of the current management system, set strategic objectives and performance indicators. The trouble was that most of them felt it was over. You just had a strategy as a superior manager or as the department of planning ordered. But they often put it in their desk, after making the plan, and hardly read it other than when they make the following plan. This fact can be one reason why many people were unwilling to implement the method.

4.5.3 Monitoring the Strategy

Kirin also devised a monitoring format, which contained a 'monitoring sheet,' as well as the items I stated before. Kirin monitored the strategy progress and its implementation on a quarterly basis. As previously indicated, monitoring was one of the weak spots in the management style of the division. So far, once a year Kirin, usually in June, monitored her tactics. This obviously called for delayed answers when circumstances changed. Kirin found it necessary to monitor the collection of market data, including customers, competitors and staff. The more often monitoring was carried out, the fresher the results. In order to strengthen the surveillance process, Kirin devised the KISMAP Double-loop process (Figure 4-8) to quickly revise not only implementation initiatives, but also strategies themselves, by updates various types of information on which the strategy developer is based Initiatives.

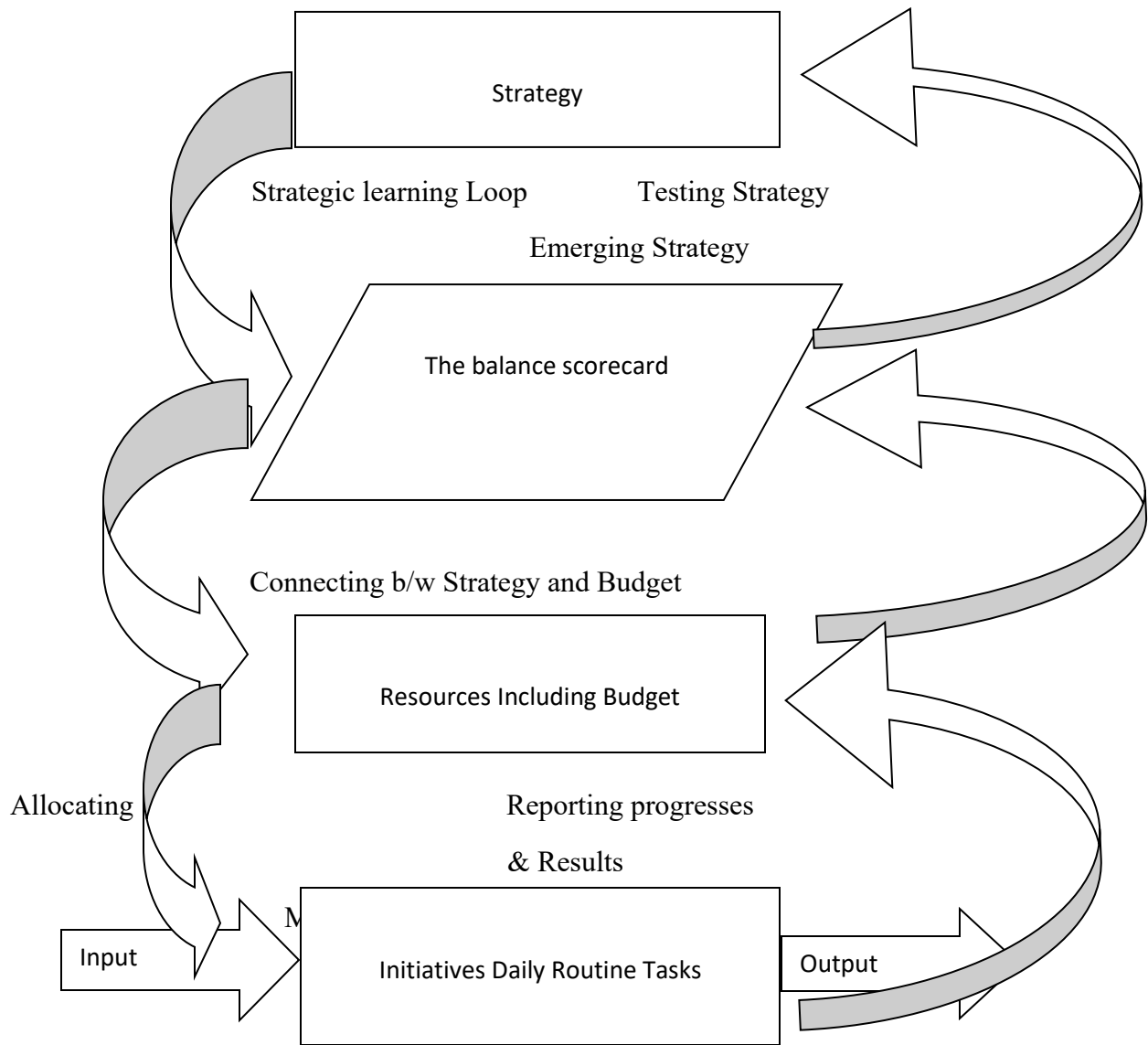


Figure 4.8 Double loop of the Strategy

4.5.4 Scope of Adoption

The PDCA process was implemented by means of a series of KISMAP tools, which included the managers, such as the district managers and subbranch managers, beginning with the Sales and Marketing Directorate General and joining local branches. Managers in direct and indirect departments were also included. There was a natural conclusion of over 100 series, because Kirin intended to link the results of the implementation of strategies into the award assessment of each manager, whilst the nature of the responsibility of each manager differed depending on the task of each manager or the strategy-to-normal ratio.

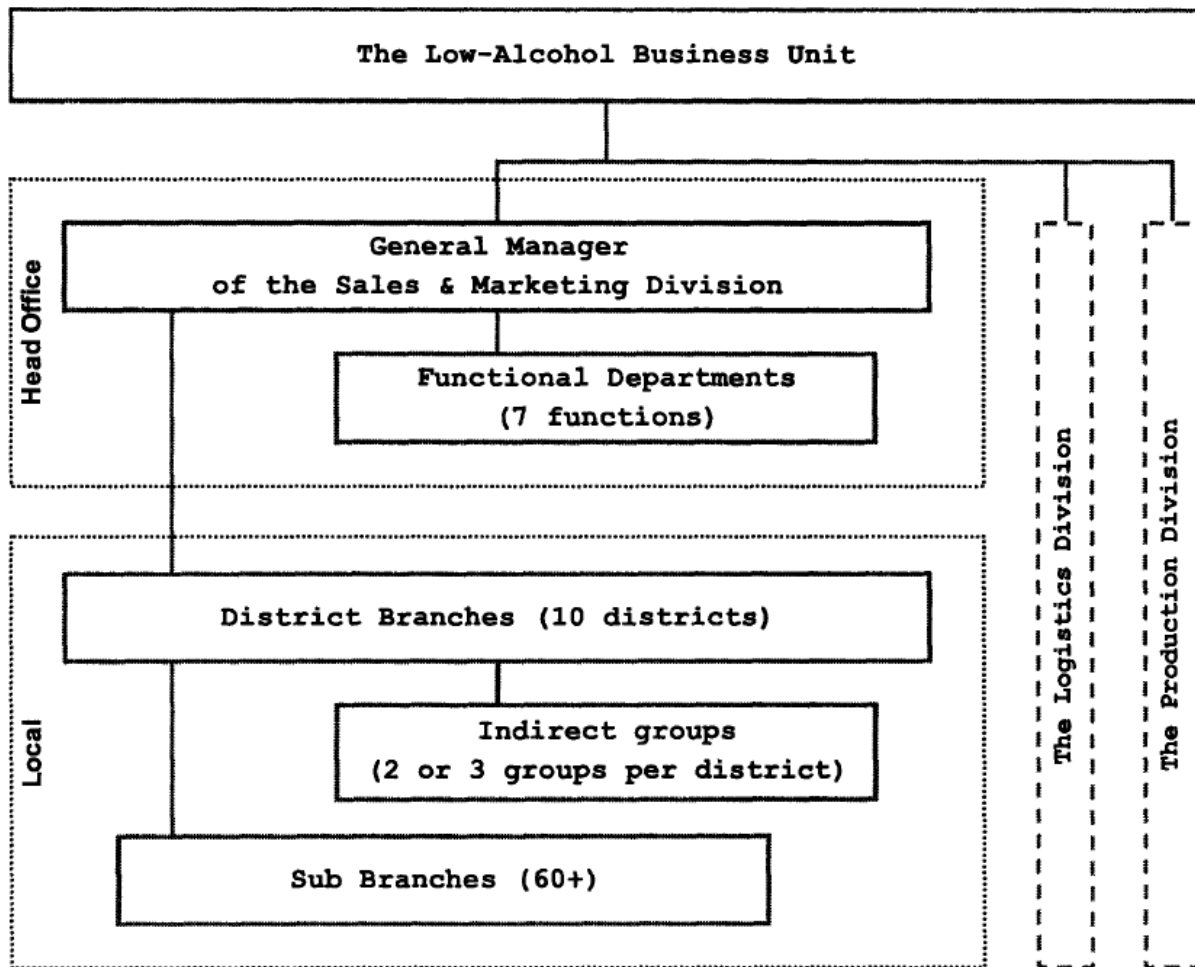


Figure 4.9 Organizational Chart

Source : Kirin website

4.5.5. Connection to Personnel Evaluation System

Although the Balanced Scorecard's architects advise that performance assessment results be linked to a system of incentive, this concept has been endorsed by many organizations. Even if they are connected, the two systems can often only be weakly connected. For instance, in case of good performance, some companies incorporate the results into a bonus assessment system or a lump-sum payment. This is mainly because they worry about convincing staff to evaluate performance using the Balanced Scorecard. In order to achieve a smooth introduction, a new notion could be fair for it not to relate closely to the bonus system. Moreover, because the Balanced ScoreCard often gives clear assessments, Japanese people who do not like to show everything generally do not want to connect the assessment system to the bonus system.

Kirin nevertheless approached this question straightforwardly. It transmitted the results or progress made using the personnel assessment system operated by the personnel department directly by the management process in KISMAP. At the conclusion of the year, a scorecard would weigh 60% of the score in a staff review. It was clearly intended to pull the strategic commitment. Since many strategic targets were divided vertically with managers, both an assessor and an assessor had to dedicate themselves to this method.

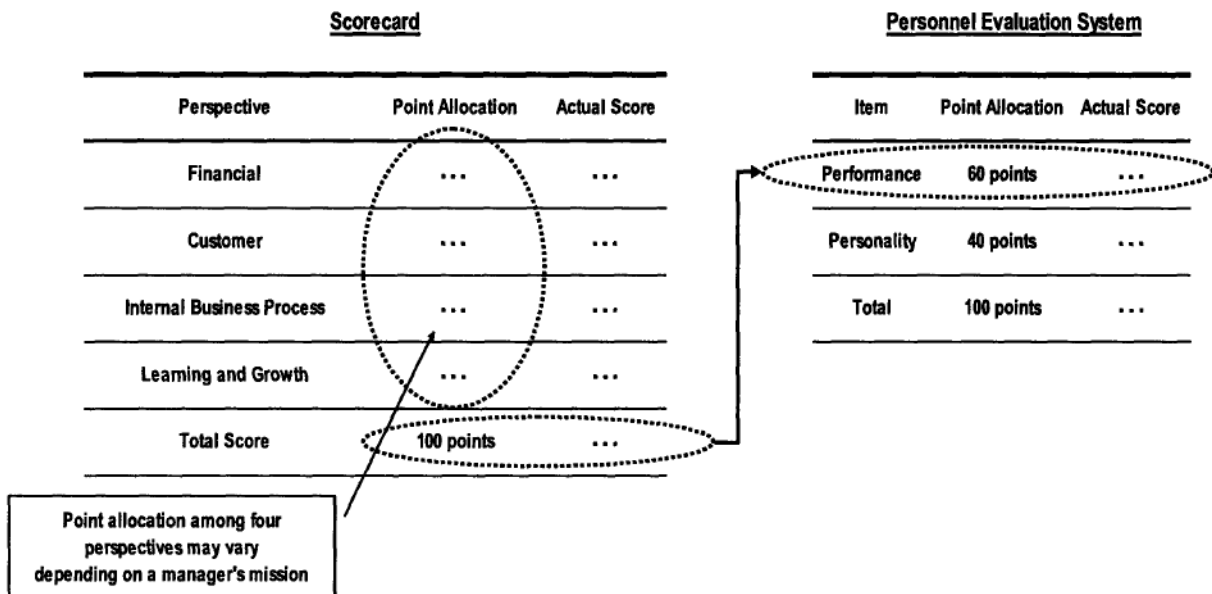


Figure 4.9 Relationship between Scorecard and Personnel Evaluation System

For some time, it had been a challenge to have a vague Kirin assessment system. In view of the transparency afforded by the staff evaluation system, the Staff Department also wished to clarify the performance assessment. For Kirin, no other way than KISMAP was visible for the performance

4.6 Reflections

Kirin has formally introduced KISMAP to the Sales and Marketing Division following a trial phase in 2002 (the stage at which the FY2003 plan was prepared) from the fall of 2002. Kirin has completed a cycle of PDCA rotations utilising the FY2003 plan as from the beginning of 2004, including performance assessments for the same year. According to the members of the study, many indirect impacts were detected as planned shortly after KISMAP had been introduced:

*KISMAP has frequently stamped the Balanced Scorecard's strategic philosophy, including the four-perspective paradigm. In particular among managers that had a strong past experience, the mentality that started with consumer perspectives started to take root. The number of comments, including "What do you mean from the point of view of customers" expanded tremendously, even in the daily dialogue.

* As far as creating customer value is concerned, KISMAP prioritised projects. The prior techniques were referred to be 'everyone's something.' It's changed. People are now focusing on strategically vital activities.

* KISMAP showed the role and duty of each function. Managers participated in the implementation and implementation of projects

*KISMAP urged the organisation to disseminate information on changes, such as progress, customer, market, and competitor challenges and change. Such information was also structured under the Balanced Scorecard paradigm. This made the decision-making of managers faster.

* KISMAP has made quantifiable initiatives. It was clear to understand where the corporation was standing. Furthermore, Kirin could more simply evaluate personnel and decide to stay, modify or stop.

*KISMAP invited people to collaborate. New teams have become easy, because every initiative and its aim have been shown through KISMAP tools. The relationships between functions in divisions such as marketing and sales has been consolidated and consistent activities through sales promotions and new product releases have been implemented. Cross-company efforts were pushed both within and beyond the Division.

The balanced scorecard appeared useful by many in the Sales and Marketing division. Most managers and officials also replied in a similar way. Comments from the Director General of the Division:

“Now I know that other companies are talking about all the power of the Balanced Scorecard. The importance of execution has been shown. I was amazed by the increase in customer communication. I never expected that this change throughout the organisation would result from the simple style of a strategy map. I feel like we’ve begun to go in the way we want to go”.

One project participant commented:

“These adjustments were made when the General Manager of the Division described a strategic plan. The map highlights the most significant aspects as an organisation and the evaluation of its success. The map shows which customers are and which customer is what we believe to be. The logic of customer value creation as the corporate strategy was started by people on the map. It was a bit hard to understand the rationale in the earlier plan. We were unable to see the links between the goals, why and how-the path before”.

In the course of KISMAP as the new communication platform in common way of thinking, these amendments were introduced by better information concerning amount, density and speed. This map was developed through extensive consultation with most of the headquarters managers. In addition, the GM set up meetings with managers of local branches to exchange ideas when the draught was completed. Plans were generally prepared by the planning section and were never available before they were completed with branch managers. People have been involved in developing KISMAPR for the top strategy Their commitment to the strategy and the execution plan has been strengthened not by senior management but by the exchange of viewpoints.

In the figure Kirin's current skills are shown. Kirin makes every effort to improve corporate value throughout the entire firm and recover confidence by picking "total customer solutions" for strategic purposes. In 2006, for the first time since 2000, the low-alcohol company is projected to restore its leading market share position, therefore enabling Kirin to constantly earn customer confidence. At the same time, the Balanced Scorecard's successful role in revising multi-dynamic organizational challenges would be demonstrated.

Exclusive Channel

- Kirin continues to develop good relationships with several national chains, for example, by brewing specific products for their exclusive sale and involving them in developing new products.
- Kirin has more strong networks with traditional retailers, but this is becoming somewhat of a weakness.
- Kirin is relatively weak in on-premise market channel.
- Kirin owns a chilled delivery system, the first in the industry.

Dominant Exchange

- Kirin utilizes a sophisticated information system to exchange sales information with suppliers and wholesalers in order to plan production and promotion.
- Kirin provides consumers and partners with information about various kinds of alcohol culture, which assures people that Kirin represents the alcohol manufacturer in Japan. This results in consumers' perception of Kirin as the most "traditional", "trustworthy", and "friendly", which are strong brand assets

Proprietary Standard

- Kirin has patented many production methods and technologies. Although they do not always reach the industry's standard, this leading position makes it easy for Kirin to access high technologists and complementor companies.

Low Cost

- Production cost per unit is lowest in the industry although Kirin has more products than its competitors.

Differentiation

- Kirin established a cooperative group R&D structure for product development.
- Kirin pursues freshness of products for differentiation, using a completely advanced distribution network.

Redefining Experience

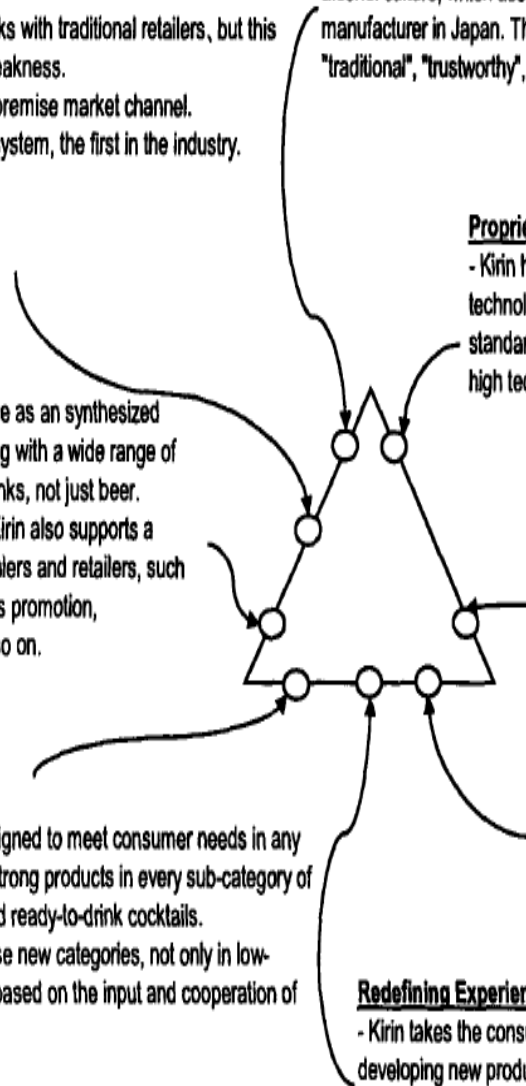
- Kirin takes the consumers' time, place and occasion into consideration when developing new products and promotions; thus Kirin continually proposes products that blend with consumers' lifestyle. This includes health-conscious low-malt beer, and eco-conscious packaging.

Customer Integration

- Kirin improves corporate value as an synthesized beverage manufacturer, dealing with a wide range of alcohol beverages and soft drinks, not just beer.
- Beyond providing products, Kirin also supports a range of issues facing wholesalers and retailers, such as management, finance, sales promotion, merchandizing, logistics, and so on.

Horizontal Breadth

- Kirin's "full-line" strategy, designed to meet consumer needs in any occasion, results in the most strong products in every sub-category of regular beer, low-malt beer and ready-to-drink cocktails.
- Kirin also continues to propose new categories, not only in low-alcohol but also in soft drinks based on the input and cooperation of the R&D group.



<p><u>Firm Managerial Infrastructure</u></p> <ul style="list-style-type: none"> -Focus on customers, not competitors - Obtains high reliability of product quality from consumers - Manages business units based on EVA and BSC 		
<p><u>Human Resource Management</u></p> <ul style="list-style-type: none"> -Large empowerment to each business unit - Implement management by objectives and self-control in 10+ yrs 		
<p><u>Research and development</u></p> <ul style="list-style-type: none"> -Owns laboratories such as brewing and packaging technology, customers' behavior & preference -Synergize R&D results of all business units -Owns laboratory about life-science arena 		
<p><u>Procurement</u></p> <ul style="list-style-type: none"> - Owns malt procurement worldwide network -Buys packaging materials as Kirin group (all beverages) 		
<p><u>Manufacturing</u></p> <ul style="list-style-type: none"> -Full automatic production in all 12 factories - Improved to multi-functional factories - Lowest production cost per unit - Most CAPEX among competitors in these 3 years 	<p><u>Logistics</u></p> <ul style="list-style-type: none"> - Integrates and streamline wholesales network - Establishes Chilled logistics network -Owns two logistics centers 	<p><u>Marketing and Sales</u></p> <ul style="list-style-type: none"> -Owns multi brands in top 3 brands of every categories - Has initiative to developed new products -Has national-wide sales offices -Sponsor of National Soccer Team in 20+ yrs - Owns integrated sales KM system

Figure 4.10-1 Analysis of Kirin's low-alcohol business by the Delta Model & Value Chain

4.7 New Issues Facing Kirin

The next problem facing Kirin is to connect KISMAP with other management systems to provide major improvements to the group management system, and subsequently to expand it to other business divisions. In order to penetrate the Kirin New Declaration and the corporate strategy throughout the business, it will be required to integrate all the management systems so they may work closely with each other.

First, Management by Objectives (MBO) was created in the 1980s in order to manage individual objectives. It covers performance review and career development for every employee including management. There are two key concerns with MBO: (1) the difference between people's employment and important initiatives driven by the business strategy; and (2) transparency of performance evaluation and reward. While KISMAP is the strategy management system, MBO is the management system for individual actions agreed in the relationship between a manager and a member. Moreover, MBO is the system that has the biggest influence on the quality of human conduct because it involves the reward evaluation. If KISMAP was the system for describing and executing management's goals, a weak tie between MBO and KISMAP would become one of the greatest causes of bad strategy execution. Now that KISMAP is formulating a strategy and its development is obvious, it is expected to tackle MBO's challenges. Second, the "KVA management system (KVA)" was formally introduced in 2001. In the wake of the importance of management as a corporate group, KVA was designed to manage Kirin's business units, including business groups made of subsidiaries, in terms of the efficiency of capital cost. KVA is the system from the aspect of corporate strategy.

This is utilised for assessing the performance of senior managers, making or purchasing decisions and M&A on business functions. Every business unit uses the KVA management system to meet the objectives specified by top management. As far as empowerment allows, the goal is left to the unit.

KVA has to face the challenge of thinking and describing concrete initiatives to enhance EVA and EVA drivers. What and how to do this cannot simply be imagined merely by financial metrics such as EVA. This meant that top management had difficulty managing these because they did not know each business unit's background and situation. EVA improvements and a description and monitoring approach were urgently need. EVA improvement Further, KVA had to add a multi-

dimensional perspective to financial indicators to improve both transparency and MBO as the performance assessment system of management connected with their reward.

Each system tends to function alone thus far. From the point of view of the employees it is difficult to refute that every system appears to perform the same. In addition to addressing the weaknesses, KISMAP, based on its balanced scorecard, could be the backbone of the management system as a whole. Kirin should look at new diversifications, including the expansion of its business areas and its geographical breadth, as a long-term company strategy. Kirin has focused on expanding into new areas such as Southeast Asia and China. Kirin is an important priority in setting up a process for coordinating management systems across its different business units and cultures in order to improve the success of its strategies. The company will need to establish a solid management infrastructure ready to compete internationally.

4.8. Conclusion

From the Kirin case, Kirin thinks that he needs to choose one of two alternatives, after the recession of the 1990s and the arrival of international and domestically competitive positions: winning a leading position or avoiding competition by taking a niche position. The core challenges are above all to build a superior system for competitors in order to win competition and how to run it in accordance with the strategic intentions of the company. When an organisation changes its strategy, its internal management system needs to be changed simultaneously, because it has a strong impact on the positions and behaviour of people who are doing the things that lead to the success of the strategy. The people won't change their strategy. They won't change unless they change the management system, which can lead to difficulties bridging the value sense of the organisation with the actual actions of people, including attitude and behaviour; this was the biggest problem. Without a change in the management system, people are employed. Kirin addressed the problem by adopting the balanced scorecard, which improves strategic thinking by rotating the management cycle over and over again, including strategic formulation, deployment, monitoring and evaluation.

Chapter 5

CONCLUSION

In conclusion, the Balanced Scorecard began as a card that delivers an overview of company performance (which keeps an important emphasis in focus). It has initially focused on financial performance and has been brought into play as a performance indicator in the other three aspects. Later, it was introduced as a strategic management tool which transformed these indications into decision-making (from long-term goals to short-term decisions) and hence into operations. Balanced scorecard creates an appropriate balance between the objective and vision components of the organisation.

A lot of time has passed since the beginning of the 1990s, yet BSC remains a tool in modern company management. Instead of limiting itself simply to financial values, it provides an overview of the goals of a company. It is because it is a notion that adjusts to current market circumstances. BSC's universality permits it to be applied in different types of companies and entities.

A lot of research has been done by different scholars which shows how effective is the adoption of BSC in different sectors. According to the statistical analysis I conclude that most of the research has been done on the adoption of BSC and to identify the key performance indicators which helps the company to effectively implement the Balance score card and different sectors which in past don't use the BSC tool for the performance evaluation are now adopting BSC.

In the case of Kirin, the issue was to link company philosophies, i.e., the meaning of value of the organisation, and the actual activities of individuals, including attitudes and behaviors, and to show that the company has successfully achieved implementation by enhanced strategic communications that have also been further strengthened through the Balanced concept. Case KIRIN implies three key responsibilities to improve the management system using the Balanced Scorecard.

First, the Balanced Scorecard makes organizational strategy tangible which had tended to be intangible in Japanese companies. The Balanced Scorecard helps employees to readily grasp the strategy and enables corporate communication to make the strategy apparent. The Balanced Scorecard can also be a stimulus for strategic exchange with individuals. It clarifies the duty of each employee and helps to integrate corporate culture into the strategy.

Second, a strategy that is well described by the Balanced Scorecard encourages a company to develop or strengthen a capacity. In the four-perspective approach, the organization's goals become clear. Communication between senior management and staff is required as part of the process of connecting capabilities to strategy. People may readily comprehend why, what, and how to have such capabilities thanks to well-articulated strategy in the strategy map and scorecard.

Third, using the Balanced Scorecard as a management tool enables an organisation to incorporate strategic thinking that was lacking in KIRIN as a normative mental model. The Balanced Scorecard expects a business to increase its chances of success by assessing strategic hypotheses linked by cause-and-effect interactions on a regular basis. This method allows it to enter such a mindset. In general, the larger an organisation becomes, the more difficult it gets to maintain everyone's thinking in sync. The Balanced Scorecard suggests a process for enhancing a strategic mindset by rotating the management cycle, which includes strategic development, deployment, monitoring, and assessment, on a regular basis.

An organisation should not rely on each employee's particular learning capability in order to penetrate the plan and implement the strategy. Various internal management systems must be aligned with the plan, such as the performance assessment system, which recognizes and rewards employees who carry out the strategy and work to achieve the learning behavior.

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