

IMPROVING THE METHODOLOGY OF BALANCED SCORECARD SYSTEM: A LITERATURE REVIEW

Ibrokhimjon U. Tursunaliev

INTRODUCTION

Balanced scorecard is a management technique that divides the enterprise's vision and strategy into customer, financial, internal processes, learning, and growth perspectives. It is used for strategy implementation, adaptation, and alignment. (Kaplan and Norton, 2004; Papalexandris et al., 2004; Kaplan et al., 2010). In order to provide an efficient management system that is results-oriented, BSC combines a logical collection of financial and non-financial indicators and explains the interdependencies between its components using cause-and-effect linkages and strategic maps. (Bento et al., 2014; Korontai et al., 2016). According to Ayvaz and Pehlivanlt (2011), BSC is a potent technique for strategy formulation, development, and transformation that has produced success for both large and small businesses (SMEs) (Rodrigues et al., 2014). According to Martello et al. (2008), Aidemark (2010), Lin et al. (2014), Gao and Gurd (2015), and other authors, BSC has been successfully implemented in hospitals, healthcare systems, and nonprofit organizations. These authors explain that BSC offers an appropriate control system that enhances both organizational and individual performance.

LITERATURE REVIEW

Applications of BSC are mostly directed toward for-profit companies. A few BSC studies, like as Drtina, Gilbert, and Alon's (2007), focus exclusively on applications within business schools. They recommended, among other things, combining metrics with precisely defined strategies as a first step. Papenhausen and Einstein (2006) demonstrated how the BSC approach might be applied at a business college using the University of Massachusetts-Dartmouth's BSC, which was based on a survey. In order to effectively apply the BSC to a particular master's program in business, entrepreneurship, and technology. A Balanced Scorecard is a tool that can be used in educational institutions to emphasize managing performance instead of just monitoring it. According to Suhr (2000), the University of Southern California's Rossier School of Education used the Balanced Scorecard method to evaluate its academic program and planning procedure. According to Chang and Chow (1999), 69 accounting department heads who participated in a study expressed support for the application and advantages of the Balanced Scorecard for accounting programs (Karathanos and Karathanos, 2005).

However, in order to provide an efficient and equitable strategic decision support process, BSC can be utilized in conjunction with decision-making procedures, cognitive mapping and related approaches, and bonus systems (Ayvaz and Pehlivanlt, 2011; Gao and Gurd, 2015; Pessoa, 2015). As a result, the BSC's implementation and operation are

well known, and numerous authors (Coe and Letza, 2014; Kaplan and Norton, 2004; Machado, 2013; Rodrigues et al., 2014) are particularly interested in its academic concepts, evolution, scope, and usefulness. This interest has even led to the development of fourth generation BSC systems, which modify and adapt the fundamental BSC to the needs of modern organizations. The initial breakdown of the strategy from four viewpoints makes BSC easy to grasp. This allows the strategy to be translated into operational terms, even to the extent of transforming strategies into tasks and obligations for the entire company's staff (Kaplan and Norton, 2004).

Other writers have applied a BSC model to a large software development company in Greece (Papalexandris et al., 2004); at Venezuelan companies (Ortiz and Cortez, 2013; Millan et al., 2015); at a micro-enterprise (Pessoa, 2015); and at a business incubator (Korontai et al., 2016). These studies support the notion that BSC has been widely accepted and successfully implemented in public and private organizations (Mendes et al., 2012), as well as in companies of various sizes, including SMEs (Machado, 2013). They also corroborate that BSC is applicable to businesses of any kind, including those situated in developing countries.

RESULTS AND DISCUSSION

Overall, the conclusion is that, when completely implemented, the BSC can improve an organization's performance. It helps companies to make sense of their goals and plans and put them into practice. It offers input on external outcomes as well as internal company processes in order to (continuously) enhance strategic performance and outcomes. When used to its greatest potential, the BSC turns strategy planning from a scholarly endeavor into the hub of an organization. (Kaplan and Norton, 2004). However, studies on the BSC's diffusion show that, despite its apparent benefits, its adoption rate is lower than that of other administrative techniques like ABC. (Yazdifar and Askarany, 2009). Therefore, it's unknown if the BSC suffered from any flaws that would have slowed down its acceptance in the rapidly evolving 21st-century world. Over the past ten years, Yazdifar and Askarany have conducted surveys with more than a thousand practitioners in various studies conducted in Australia, New Zealand, and the UK to gain further insight into the challenges associated with the adoption and application of BSC in practice. In these studies, they have looked into the effects of several contextual factors on the adoption of the BSC, including adopter characteristics, BSC properties, and societal characteristics. They have also looked into practitioners' opinions regarding the BSC's drawbacks. The adoption of the BSC in practice is influenced by a variety of contextual factors, as we have found, but the main flaws in the BSC are that it ignores risks, environmental, and sustainability factors, as well as the rights and concerns of other relevant stakeholders besides customers. These flaws could potentially undermine the BSC's diffusion in practice. It is advised that more research be done to determine how we might create a comprehensive BSC that addresses

the shortcomings of the four traditional viewpoints of the BSC by adding new parameters including sustainability, risk, and environmental considerations.

CONCLUSION

As a balanced scorecard is simple to comprehend and apply to evaluate the effectiveness of company plans, its design and implementation are suitable for small and medium-sized businesses. Through views, objectives, and KPIs, the proposed BSC aligns business processes with the business strategy and incorporates a continuous improvement process that engages all of the company's employees. This effectively converts the strategy into tactic and operational terms. Similar to this, the suggested BSC was developed with SMEs in mind due to the utilization of straightforward and efficient aggregation techniques like the hierarchical weighting process, the creation of synthetic indicators for the BSC's hierarchy levels (objectives, perspectives, and business strategy), and the development of action plans to guarantee the accomplishment of operational, tactical, and strategic objectives.

As a result, the BSC's development and implementation support SMEs in achieving business success by utilizing a strategic performance assessment system that has proven effective for larger organizations and in raising the standard of strategic management. Consequently, SMEs may find tremendous use for performance assessment systems such as the BSC if these systems are tailored to their needs and incorporate both objectivity and subjectivity in the process of normalizing and aggregating indicators and allocating weights.

REFERENCES:

AYVAZ, E. and PEHLIVANLT, D. (2011). The use of time driven activity based costing and Analytic hierarchy process method in the Balanced Scorecard Implementation. *International Journal of Business and Management*, 6(3), pp 146-158.

BENTO, A., BENTO, R., AND WHITE, L. F. (2014). Strategic Performance Management Systems: Impact on Business Results. *Journal of Computer Information Systems*, 54(3), 25–33.

Chang, O. & Chow, C. (1999). The balanced scorecard: A potential tool for supporting change and continuous improvement in accounting education. *Issues in Accounting Education*. 14(3), 395-413.

Drtna, R., Gilbert, J., & Alon, I. (2007). Using the balanced scorecard for value congruence in an MBA educational setting. *SAM Advanced Management Journal*. 72(1), 4-13.

GAO, T. and GURD, B. (2015). Meeting the Challenge in Performance Management: the diffusion and implementation of the Balanced Scorecard in Chinese Hospitals. *Health Policy and Planning*, 30(2), pp 234-241.

Kaplan RS, Norton DP (2004) Strategy maps: Converting intangible assets into tangible outcomes Boston: Harvard Business School Press.

KAPLAN, R. S., NORTON, D. P., and RUGELSSJOEN, B. (2010). Managing alliances with the balanced scorecard. *Harvard Business Review*, 88(1-2), 114-120.

Karathanos, D. & Karathanos, P. (2005). Applying the balanced scorecard to education. *Journal of Education for Business*. 80(4), 222-230.

KORONTAL, J.N., CARPEJANI, G., CORREIA, A.M.M., FREITAS, W.A., VEIGA, C.P. and DUCLÓS, L.C. (2016). Proposta de indicadores de desempenho para a incubadora tecnológica do Instituto de Tecnologia do Paraná / Brasil. *Revista Espacios*, 37(2), p. 20. Recuperado de:

Available from: <http://www.revistaespacios.com/a16v37n02/16370221.html>

MACHADO, M. C. V. (2013). Balanced Scorecard: an empirical study of small and medium size enterprises. *Revista Brasileira de Gestão de Negócios*, 15(46), 129–148.

MARTELLO, M., WATSON, J. and FISCHER, M. (2008), Implementing a Balanced Scorecard in a Not-for-profit Organization, *Journal of Business and Economics Research*, 6(9), pp.67-80.

MENDES, P., SANTOS, A. C., PERNA, F., and TEIXEIRA, M. R. (2012). The balanced scorecard as an integrated model applied to the Portuguese public service: A case study in the waste sector. *Journal of Cleaner Production*, 24, 20–29.

MILLAN, E., TORREALBA, A. and ORTIZ, M. (2015). Formulación de Indicadores de Gestión como herramienta de desarrollo empresarial. Para la empresa de transporte, Inversiones Los Chabalos, C.A. *Revista Espacios*, 36(17), p. 21. Recuperado de:

Available from: <http://www.revistaespacios.com/a15v36n17/15361722.html>

ORTIZ, M. and CORTEZ, E.A. (2013). Cuadro de mando integral automatizado como modelo en la medición y el control de las estrategias formuladas por la empresa “Transporte Avea, C.A.”. *Revista Espacios*, 34(3), p. 12. Recuperado de: Available from: <http://www.revistaespacios.com/a13v34n03/13340312.html>

PAPALEXANDRIS, A., G. IOANNOU and G. PRASTACOS (2004). Implementing the Balanced Scorecard in Greece: a Software Firm's experience. *Long Range Planning*, 37(4), pp 351-366.

Papenhausen, C. & Einstein, W. (2006). Insights from the balanced scorecard: Implementing the balanced scorecard at a college of business. Emerald Group Publishing Limited. 10(3), 15-22.

PESSOA, M.B.D. (2015). Proposta de uma metodologia inovadora utilizando-se de Mapeamento Cognitivo e Balanced Scorecard: um estudo de caso em uma microempresa. *Revista Espacios*, 36(11), p. 10. Recuperado de:

Available from: <http://www.revistaespacios.com/a15v36n11/15361110.html>

RODRIGUES, P., AIBAR, B., and LIMA, L. (2014). Determinant Factors of the Implementation of the Balanced Scorecard in Portugal: empirical evidence in public and private organizations. *Review of Business Management*, 16(51), 199–222.

Suhr, L. (2000). Strategic planning brings about a call to action. *The Call*. 84(4), 1.

Yazdifar H, Askarany D (2009) A comparative investigation into the dillision of management accounting innovations in the UK, Australia and New Zealand. *Chartered Inst Management Accountant (CIMA)* 5: 1-11.

Qayumova, Y., & Urmonova, D. (2023). EXCLAVAS OF UZBEKISTAN - COMPARATIVE ANALYSIS OF THE ICHTIOFAUNALS OF SHAHIMARDAN AND SOKH. *Scientific Journal of the Fergana State University*, 29(4). Retrieved from <https://journal.fdu.uz/index.php/sjfsu/article/view/30>

Qayumova, Y., & Komilova, X. (2023). ON THE COMPARATIVE ANALYSIS OF THE MORPHOMETRIC CHARACTERISTICS OF THE TURKISH SAND FISH GOBIO LEPIDOLAEMUS (K.KESSLER1872). *Scientific Journal of the Fergana State University*, (3), 156. Retrieved from <https://journal.fdu.uz/index.php/sjfsu/article/view/2622>

Каюмова, Ёркиной Кабиловна, et al. "ВОПРОСЫ ИСПОЛЬЗОВАНИЯ ПЕДАГОГИЧЕСКИХ ТЕХНОЛОГИЙ В ПРЕПОДАВАНИИ ВАЛЕОЛОГИИ." *Вестник науки и образования* 9-2 (112) (2021): 16-20.

Каюмова, Ёркиной Кабиловна, and Дилдора Икромжоновна Комилова. "Биология гусеницы гранатовой плодоярки (*Euzophera Bigella* Zeller)." *Проблемы современной науки и образования* 10 (143) (2019): 12-14.

Каюмова, Ё. К., Д. Э. Урмонова, and А. М. Мирзалиев. "БИОЭКОЛОГИЧЕСКИЕ ОСОБЕННОСТИ ГРАНАТОВОЙ ПЛОДОЖОРКИ (*EUZOPHERA BIGELLA* ZELLER, 1848) В ФЕРГАНСКОЙ ДОЛИНЕ." *The Way of Science* (2014):

Юнусов, М. М., Бахромова, Б. Х., & Мирзошарипова, М. Ш. (2022). ФАРҒОНА ВОДИЙСИ ЧЎЛ, ТОҒ, АДРЛИКЛАРИДАГИ БИОТОПЛАРДА УЧРОВЧИ ЎРГИМЧАКЛАР РЎЙХАТИ ВА УЛАРНИНГ СИСТЕМАТИК ТАҲЛИЛИ. *Central Asian Research Journal for Interdisciplinary Studies (CARJIS)*, 2(6), 223-229.

Бахромова, Б. (2023). ФАРҒОНА ВОДИЙСИ ТОҒ БИОЦЕНОЗЛАРИДА УЧРОВЧИ ЎРГИМЧАКЛАР. *Евразийский журнал технологий и инноваций*, 1(10), 157-159.

Бахромова, Б. (2023). ФАРҒОНА ВОДИЙСИ ЧЎЛЛАРИ БИОЦЕНОЗЛАРИДА УЧРОВЧИ ЎРГИМЧАК ТУРЛАРИ ВАКИЛЛАРИ. *Центральноазиатский журнал образования и инноваций*, 2(10 Part 2), 154-155.

Бахромова, Б. (2023). Фарғона водийсида учровчи ўргимчакларнинг айрим доминант турлари ҳаётининг цикли ва динамикаси. *Journal of Science-Innovative Research in Uzbekistan*, 1(7), 130-137.

Baxromova, B. (2023). FARG 'ONA VODIYSI TOG 'OLDI BIOTSENOZLARI O 'RGIMCHAKLARINING XILMA-XILLIGI. *Interpretation and researches*, 1(7).